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Editorial AS WE SEE IT

A valued correspondent inquires: "What is the 'free world' and what is free about it, and what countries are part of the free world? Is Portugal a free country. . .? Portugal is governed by a dictator, as are other countries with which our Government is very friendly, and which are the recipients of billions of dollars of 'foreign aid' from taxpayers of the United States?" Our correspondent is, of course, on strong ground, at least technically speaking, in objecting to the use of the term "free world" in the way it is commonly employed. The term usually seems to embrace all those countries which are not dominated by the Soviet Union or Communist China. The only exception that occurs to us at the moment—if it is an exception—is Yugoslavia which, of course, professes to be communistic but does not permit itself to be governed from Moscow. In this long list of countries there are many in which individual freedom as we have known it in the past or even as we know it today is non-existent.

We obviously have here in this usage a bit of inexact semantics as is so often the case in things political. It may or may not be a fact that there are no countries outside of Russia and its satellites and China where there is so little individual freedom left as in those countries. As to that we could not say, but it is clear enough that the facts do not warrant a description of the whole non-communist world as the "free world" if the term is to be taken in any strict sense. Only in a special sense is "freedom" the issue. The cold truth of the matter is that the world ambitions of "unfree" Russia is a compound of doctrinaire Marxism and the historical imperialism of the Czars for decades and even centuries before Mr. Lenin was ever heard of.

History of Mankind

The recorded history of mankind could almost be written in terms of the rise of powers with ambitions to gain ownership of valued resources of others and to gain the mastery over other nations or (Continued on page 23)

Electronics Manufacturers Face A New Technological Challenge

By Col. William S. Heavner, Chief, Reconnaissance Laboratory, Wright Air Development Division, Wright-Patterson AFB, Ohio*

The already proven feasibility of Molecular Electronics is said to require a corresponding updating in technology by electronics manufacturers if they are to avoid creative destruction. One of the advantages claimed for this step toward Functional Building Blocks is lower cost over present conventional equipment. Besides the impact of electrical phenomena ME promises, Col. Heavner notes other phenomenological effects that are so radical that they necessitate new curricula for teaching the subject.

One year ago Colonel Lewis of ARDC gave a talk in which he indicated a firm USAF requirement for Molecular Electronics. He pointed out that the Air Force had to find a way to reduce the size and weight of electronic equipment, and a new breakthrough, namely Molecular Electronics, offered one possible solution. Fortunately for the Air Force, I am able to state that Molecular Electronics is a feasible and proven way to get size and weight reduction and that it also offers a decided improvement in reliability. While we have few statistics to prove this reliability, I will give further logical analysis to show that the basic design and fabrication of functional electronic blocks offers an inherent improvement. There have been many philosophies and definitions announced to describe what is meant by molecular electronics. All of them might be acceptable but I'd like to use the definition given by Messrs. Noble and Larson in an article they wrote for *Aviation Week*. "It is the synthesis of matter with predetermined electronic properties such that, under particular stimuli, the matter exhibits complex and complete electronic functions previously performed by distinctive combinations of active and passive components." They then described a functional electronic block (FEB) as "A molecular electronic item that performs such a function" and that is what I'm going to discuss in this paper.[1]

Col. W. S. Heavner

Contract Effort

During the past year the USAF has sponsored work with Westinghouse Electric Corporation and Texas Instruments, Inc. to develop FEBS and prove the feasibility of using the basic properties and effects in matter for performing electronic functions. Many effective FEBS have been designed and fabricated which proved the capability of performing such functions as switching, amplification, oscillation, detection, etc.

Eight functional electronic blocks were specified in the Westinghouse contract and in eight months of contract operation they produced functioning models which indicated a very high rate of successful effort.

It now appears possible to produce FEBS in very large quantities, when there is a specific requirement for high production rates. However, this is not the usual pattern to follow for we expect low production, high pay-off, custom-made equipments to be made by teams of system engineers, device makers, and material specialists. We also admit that it is not anticipated that all component parts used in equipments will be molecularized, such as loudspeakers, antennas and high powered electronic items.

Conventional Parts

In commenting on the use of conventional parts, note should be made by equipment and component parts manufacturers that when the Services convert to molecularized equipment there will be practically no requirement for the conventional resistors, capacitors, inductors, diodes (Continued on page 26)

SECURITIES NOW IN REGISTRATION—Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 30.

The Security I Like Best . . .

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

WILLIAM H. GUMPEL

New York City

Ryan Aeronautical Co.

We are witnessing the beginning of a Scientific Revolution, in which electronic developments will play the major part. About this problem, the President of the Electronic Industries Association said that "the electronic business could look forward to unlimited future." The fact is that of all groups of stocks, Electronics are identified with "growth." The magic of this word referring to "space-age," "science" or simply "electronic stocks," is responsible for their "glamour." The yardstick to measure "growth" is the price-earning ratio. In contrast to the old conservative concept that the normal price of a stock is 10-15 times earnings, some of the glamorous growth stocks sell at 30-80 times earnings, according to specific formulas, based upon optimistic foresight. Although I believe strongly in the future of Electronics, I prefer stocks of this group — away from speculative mass-psychology —when their price-earning ratio is around the normal multiple of 10 times. It is for this reason that Ryan Aeronautical Co. is the Stock I Like Best.

William H. Gumpel

Historically classified as a manufacturer of aircraft and aircraft engine parts, Ryan is rapidly changing its character to become a significant factor in the electronic industry. According to the 1959 annual report, Ryan's Electronic Division, which accounted for less than 5% of gross income in 1959, was scheduled to increase 800% to become the company's largest single class of products in 1960. It is this fact that seems to have been totally overlooked by investors.

The electronic Division, which includes the Doppler radar navigation equipment—named Ryanav —is considered one of the most advanced means of aerial navigation. The same applies to Ryan's Firebee jet target missiles systems. These equipments are used by the Army, the Navy, the Royal Canadian Airforce and such well-known corporations as Sikorsky, Kaman, Grumman, Lockheed, Douglas, Martin, Litton, Texas Instruments and Norden Laboratories. Ryan's jet propelled aircraft Z-13 Vertijet, capable of vertical take-off and landing, may prove a springboard to future volume business.

Capitalization: Common Stock: Listed New York Stock Exchange; 1,633,317 shares of which 31% is closely held. Preferred Stock: None; Bonds: None; Long-Term Notes: 5,558,019 due 1968 and 1971.

Pertinent Statistics

(Million $)

Year—	Net Sales	*Earnings Per Share
1949	15.01	0.25
1957	76.09	1.34
1958	73.71	1.70
1959	84.75	1.72
1960	†110.00	†2.02

* Adjusted for 2½-for-1 split in 1959 and for 20% stock dividend in 1957 and 1958.

† Estimated.

According to the latest statement, made by Mr. R. C. Jackson, Executive Vice-President, "the company's order backlog of approximately $145 million is up $16 million from a year ago and earnings have risen to a 6 months' total of around $50 million, up from $37.25 million a year earlier, while prime contracts will account for a record $70 million in sales in fiscal 1960, up from $35 million the year before, principally because of increasing production of electronics with volume scheduled to rise at least $36 million this year from $5 million in fiscal 1959."

This confirms the forecast in the company's 1959 annual report.

I am greatly impressed by the management's past performance and its sound principles for the company's future, as it has succeeded in changing over from its dependence on income from airframes into the field of advanced space technology and electronics. This transition into growth with continuing increases in sales and earnings is the result of an internally managed policy.

A Cinderella Short-Story

Ryan was listed in the July, 1959 issue of "Fortune" magazine among the names of "the 500 largest U. S. industrial corporations," according to their dollar volume of sales. However, on the basis of per cent return on invested capital instead of sales volume, Ryan is believed to be No. 64 of the "First 100" according to a well-regarded recent survey, which also disclosed the surprising fact that no shares were owned by any of the numerous institutional investors, although their favorites were amongst the majority of the "First 100." Ryan, ranking among the best in the nation was "an institutional orphan."

I have tried to draw the true picture of Ryan, its past and present. The corporation has shown a profit in all but one (1947) of its 28 years. As listed above, the company has an excellent record of sales and earnings. The sales have increased from $15 million in 1949 to $84 million in 1959, while earnings have increased eight-fold. This record speaks for the company's highly capable management and has all the earmarks of growth. Due to the company's policy of reinvesting the greatest percentage of earnings, with a minimum paid out in the form of cash dividends, Ryan does not appeal to investors looking for a large current return, but to those who wish to invest in an electronic growth situation and capable management.

The Senate is now considering both the Defense Department and the Space Agency appropriation bills for the next fiscal year. Whatever the Senate's decision will be, or whether the clouds overhanging the political horizon will get darker or disappear, one factor will remain: *We are in the electronic and space age.* The "race for space" is on. "Science and Electronic" issues will continue to make headlines. No investor can overlook this development. I consider Ryan Aeronautical selling at about 10 times estimated 1960 earnings at *21*—considerably below its 1959 high of 31½—very attractive in the glamorous electronic, space and missile fields, offering excellent profit and growth potentials in a dynamic industry. In short: RYC looks like an overlooked "Special Situation."

Ryan—"the Orphan amongst institutional investors"—may be adopted by them sooner or later. I, remembering Virgil's sentence: "Fortune favors the bold ones," wonder if fortune will not smile on those who favor Ryan with their confidence.

This Week's Forum Participants and Their Selections

Ryan Aeronautical Co. — William H. Gumpel, New York City. (Page 2)

Southern Industries Corp. — Wallace C. Kemper, Jr., of Howard, Weil, Labouisse, Friedrichs & Co., New Orleans, La. (Page 2)

WALLACE C. KEMPER, JR.

Howard, Weil, Labouisse, Friedrichs & Company, New Orleans, La.

Members New York Stock Exchange

Southern Industries Corp.

Occasionally an issue will lie dormant, unnoticed in the Over-the-Counter market that offers the investor all of the necessary ingredients of a successful growth situation: aggressive management, a record of high profitability, substantial reinvestment of income, leverage, and situation in a new or developing industry in an expanding sector of the economy. The usual result is that the company quietly grows until it is too large to remain unnoticed and blossoms into expansive recognition. **Southern Industries Corporation** seems like just such an issue.

Southern Industries, with headquarters in Mobile, Alabama, was founded in 1946 by Mr. E. A. Roberts, former Chairman of the Board of the Waterman Steamship Corporation, and others closely identified with that highly successful company. Through his experience in the shipping business and in handling of bulk commodities, Mr. Roberts became aware of the investment potential in the South, particularly in the Gulf Coast area. The Gulf Coast is an area of almost boundless bulk mineral resources; petroleum, sulphur, salt, oyster shells, gravel, sand, etc. It is also an area that is interconnected with extensive navigable waterways offering cheap water transportation throughout most of the heart of the United States.

Southern Industries was therefore organized by the Waterman management to diversify their investment in this rich, fast-growing area. The purpose of Southern Industries is to purchase companies in prime industries preferably companies with transient economic problems that can benefit from experience in bulk freight handling and technological streamlining. As a nucleus, Southern Industries commenced business absorbing three small companies in Mobile: Biloxi Grit Company, Radcliff Gravel Company and McPhillips Packing Corporation.

Biloxi Grit milled shucking-shed oyster shells into a poultry feed. Chickens require a heavy diet of calcium to produce eggs. Oyster shells, being 97% calcium carbonate, are about the same chemical composition as eggshells. A chicken's laying capacity can therefore be greatly increased by supplementing its diet with ground oyster shells. From a humble beginning with Biloxi Grit, 14 years ago, Southern Industries has become the nation's largest supplier of oyster-shell poultry feed. This was made possible by the acquisition of Oyster Shell Products Corporation with additional mills in

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(This is under no circumstances to be construed as an offer to sell, or as a solicitation of an offer to buy, any security referred to herein.)

Free Asia Challenges U. S. Private Enterprise

By George Champion, President, The Chase Manhattan Bank New York City*

Banker tells American businessmen that one of the great challenges of our time, now reaching a decisive stage, is whether Free Asia can rely on private enterprise to help provide the needed push to real progress now being made. Our unwillingness to respond to their receptive attitude toward American capital and their growing recognition of what capital can do will, he warns, ultimately result in statism, socialism and finally Communism. In recapitulating West Europe's flow of capital and technical know-how there, Mr. Champion asserts his conviction that U. S. industry must take the lead if the job is to be done. The hazards will not be small, he cautions, but the return for responsible, able investors and firms could be sizable. He concludes by stating we have no other choice since both U. S. and Asia depend upon each other. He accompanies this with an admonition that we keep our money and our economy sound.

These are some thoughts and reactions in regard to our domestic and worldwide challenge which grow out of a rather extensive trip I recently took throughout the Far East. That section of the world is of immense importance to us and in many respects has problems like our own. During the course of the trip, I visited most of the countries that form the arc from India and Pakistan through Thailand and Malaya to the Philippines and Japan. I talked to heads of government, many cabinet ministers and, of course, numerous bankers and businessmen, as well as plain, ordinary citizens.

George Champion

I must confess that the trip was an eye-opener for me in many respects. One deep impression left with me throughout was that these peoples—half a world away—are wrestling with many of the same problems as we. True, they are in an earlier stage of industrial and educational development, one which we passed through many decades ago. But there they are, even as we, striving to hold government expenditures under effective control; seeking by all means to avoid inflation; working to improve the teaching and education of their peoples; and trying to wipe out graft and corruption spawned by government controls. The cultures and peoples of Asia are of course diverse, with Hindus, Mohammedans, Christians, Buddhists and the Shinto religion of Japan. And yet the objectives of these nations are broadly similar to ours—to provide a better living for their peoples, within a social framework dedicated to individual freedom.

They Look to Us for Leadership

Moreover, the people of Free Asia are looking to the United States as never before for leadership. Our country serves as the standard; we set the example, which they seek to follow. One doesn't hear the words "capitalistic colonialism" any more. In one respect, however, the experience of the Asians has been radically different from ours. From the outset of our own history, we largely managed our own affairs. This has not been the case with many of the Asians. Until recently a number of these peoples were under colonial rule, barred to a very substantial extent from participation in leadership of government, business, or finance. Education of the people was badly neglected, and institutions fundamental to the economic development of any country—to encourage savings and provide an outlet for them — were largely lacking. The result today is a serious shortage of many of the things that are most needed for economic advance — capable leadership, trained manpower and capital.

Today these Asian countries are faced with the necessity of adapting their society to the demands and the potential of the Twentieth Century. Fortunately they do start with some strong assets—a will to advance, for the most part a group of dedicated men at the top, and a rich set of natural resources — tin, rubber, bauxite, coal and iron ore, among them. As might be expected, they find it necessary to advance on a number of fronts at the same time, but with particular emphasis on industry, agriculture and education. One cannot help but be deeply impressed by the wide devotion to education everywhere. In some instances as much as 40% of a government budget is allocated for this purpose. For the most part they feel that teachers are inadequate and are not paid enough, just as is the case here. Nevertheless, schools are being built, and students are placed in universities both at home and abroad. In our own lifetime, I'm confident that we shall see the peoples of the area increase enormously in literacy, knowledge and sophistication.

Pleased With Real Progress Being Made

As a matter of fact, I came back from this trip with a feeling that the area as a whole is making real progress in a number of ways. This is not to deny that the poverty, the pressure of population, and the general level of living in many sections present appalling problems when judged by Western standards. And yet talks with

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Fund Management Shares

By Dr. Ira U. Cobleigh, *Enterprise Economist*

Reviewing briefly the growth of mutual funds and the emergence of publicly offered shares of management companies.

Mutual funds constitute one of our fastest growing financial institutions. Today, there are about 200 mutual, or closed-end, funds with combined total assets of about $16 billion. These funds have filled a genuine need for an equity security providing continuous professional supervision, substantial diversification, and reasonable opportunities for growth in income, market value, or both. Mutual fund investors, many of them not deeply grounded in financial or investment lore, have preferred to delegate to fund managements the tasks of security analysis and selection, and the purchase or sale of individual issues. This delegation has relieved investors of responsibility for investment decisions, reduced the physical details of security handling and record keeping, modified a strong investor tendency toward over trading; and, for many, has operated to reduce the incidence of costly error or loss in poorly selected individual issues. Mutual fund buyers in general, are investors rather than in-and-out market traders. This is evidenced by the fact that sharp declines in the market are not usually accompanied by a corresponding rise in redemption of mutual fund shares.

So much for the reasons for, and philosophy behind, mutual fund purchases. But these points alone are not enough to account for the phenomenal growth in open-end trusts. The major propelling force behind the broad distribution of mutual funds is aggressive salesmanship implemented by rewarding commissions to salesmen. In general the gross commission on the sales of mutual funds will run between 7½% and 8½% of net per share asset value. These gross commissions, and the detailed provisions for advertising and promotion of the fund and providing sales literature and sales programming are usually arranged for by the company that manages or sponsors a particular fund. This company is called a management company and it customarily derives its incomes from two sources: (1) wholesale sales commissions (which may average perhaps 2% of net per share asset value) and (2) fees for portfolio management which customarily are ½% of average daily total assets. (Some open-end funds make no commission or sales charge, and sell their shares publicly at net asset values. In general such funds have not grown as rapidly as those paying sales commissions.)

Because of the rapid rate of growth in sales of mutual funds (over 15% compounded annually), revenues of some of these management companies have burgeoned. In the five year period 12/31/55 to 12/31/59, mutual funds assets doubled, but management companies in a number of cases increased their net earnings in the same period by several hundred percent. Because of the remarkable and dynamic expansion of earning power of these management companies, their shares have been most rewarding to holders. Trouble was almost all of these management company shares were closely and privately held and only in the past two years has there been any extensive public offering of them. There was some very limited over-the-counter trading in Channing Corp., North American Investment, Townsend Corp., and Investors Diversified Services for some years, but in very little volume. Investor appetites were whetted by the sensational rise in Investors Diversified Services Class A Common, which rose from $1 in 1948 to the equivalent of over $1,000 in 1960. (There was a 5-for-1 split and the stock sells today around $175.)

What kept these management companies from a more general public offering of their shares? A viewpoint, maintained by the SEC that if management companies sold their shares, they would be selling the future value of their managements. The SEC regarded that as trafficking in a fiduciary relationship. The U. S. Court of Appeals in 1958, took a different view of the matter and saw no legal objection to public offering of management company shares. Following that decision, nine sponsors of mutual funds have publicly offered their stocks; and there are now 16 fund management companies whose shares are available in the market. Recently, Hamilton Management offered 320,000 shares at $11.50. Last year there were offerings of Keystone Custodian Funds, Templeton Damroth Corp., Vance Sanders & Co. (distributor for Massachusetts Investors Trust) Hugh W. Long & Co., Inc. (sponsor of $800 million in three funds, the largest being Fundamental Investors); Television Management Corp., and Wellington Management Co. (shepherd of the $1 billion Wellington Fund).

Now as original public underwritings of these funds were made, there was, at the outset, an enthusiastic public response and most issues rose to immediate and substantial premiums. Price/earnings ratios of as high as 35 times were attained. More recently these issues which had had both novelty and scarcity in their favor, have been subject to a more searching market appraisal, and price/earnings ratios of between 16 and 21 are being regarded as more appropriate.

This more seasoned evaluation of fund management shares has been reached out of consideration of certain general factors affecting the business. First, sales competition is becoming more acute and costs of the business, especially in distribution, are rising. Second, there are potential threats from sale of "variable annuities" by life insurance companies; and possible sale of savings-bank-sponsored mutual funds. Further the SEC has advanced possible new proxy requirements for investment companies, and expressed some concern over portfolio management fees.

Offsetting these, however, is the broad public acceptance of mutual funds, the splendid performance record and results of many of them, the attractive new packaged programs and contractual plans, including life insurance; and the broad new market which may be opened up by the passage in Congress of the Keogh Bill, or equivalent legislation, permitting the self-employed to invest a certain amount, tax free, toward their retirement income. Canada already has such a law allowing up to $2,500 a year, or 10% of earned income to be invested, tax free, for retirement.

While there may have been some over-eagerness to snap up fund management shares when they first hit the market, there have been some price revisions since that bring some of these equities into a more favorable position from the buyer's viewpoint. There is no visible evidence that the pace of mutual fund growth is slackening, and those managements that have done an effective job in portfolio supervision and share distribution seem pretty likely to continue to do so. The rise in per share net earnings, in some of these companies, for the past five years has been greater than for that of many popular "growth" stocks; and dividend payments have been on a steady increase.

Without the least whisper of endorsement or recommendation there is submitted below a list of 10 fund management companies with their 1959 earnings, current dividends, and market prices. If you are interested in this field of investment and understand both the risks and rewards which this highly specialized field may offer, then the following may present some sort of road map:

Company	Per Sh. Earns. 1959	Indic. Div.	Current Market Price
Channing Corp.	$1.50	$.40	40
Distributors Group	.59	.30	8½
Investors Diversified Services	11.33	5.00	175
Investors Syndicate of Canada	1.41	.70	23½
Keystone Custodian	.72	.65	15
Hugh W. Long	.95	.60	14½
National Securities	.78	.70	13¼
TV Management	.66	.45	12½
Waddell & Reed	1.28	.60	21
Wellington Management	.85	.50	15

Investors Syndicate is listed on the Toronto Stock Exchange. The others are traded in the Over-the-Counter Market.

One mutual fund buyer we know developed a novel investment program. With each $1,000 he has available he buys $900 worth of a mutual fund and $100 of the stock of the company that manages it. That's what you might call playing them back to back.

Smith, Barney Office

DALLAS, Tex.—Smith, Barney & Co. has opened a branch office in the Mercantile Bank Building under the management of A. Ray Edsel.

OBSERVATIONS...

BY A. WILFRED MAY

OUR PROSPECTIVE DEFENSE SPENDING AND THE INVESTOR

To what extent is the future of the nation's business activity and of common stocks, particularly the "defense" issues, likely to be affected by changes (as from possible re-Summitry) in the temperature of the Cold War-ing?

The assumption of a pattern of correlation between fluctuations of a full-scale economy and stock prices is a fiction (as demonstrated in this column of May 26). At the same time, a crucial armament factor is now operative. Under the technique of mid-20th Century's Cold War-ing, the total bill for our Defense Posture is now being set quite inflexibly from 12 to 18 months ahead.

The appropriations carrying us along until July 1, 1961 have already been approved in a House bill; the Senate is this week engaged in completing its bill (containing raised outlays), after which both will be submitted to joint conference for final legislation.

Although the various armament appropriations were calculated and proposed well before the Summit fiasco, both Defense Department officials and the President still consider the totals adequate for a proper defense posture—barring only, on the one hand, war-*heatening* through some drastic action like actual troop movements or an air alert, and, on the other hand, unlikely war-*freezing* through a fool-proof disarmament agreement.

Balanced Policy

The Administration's policy of holding to a middle-of-the-road appropriations policy with relative over-all constancy, instead of having the outlays chase every *crescendo* and *descendo* in the Kremlin's outbursts, was clearly set forth by Defense Secretary Gates in his initial testimony before the House Appropriations Committee earlier this year: ". . . we cannot assume at this time that negotiations with the Soviets will result in agreements that will ease our defense problems. There is nothing to justify a belief that the Soviets will make substantive concessions which will reduce our security requirements. In fact, the Soviet Union is increasing its military capabilities, especially its missile delivery systems."

No Tie-Up With Summit-ing

Accordingly, while not foreseeing the fiasco-ed manner in which the Summit was scuttled, our defense plans at no time were based on the assumption of any lasting or otherwise constructive results, to follow therefrom.

The sound-and-steady policy was clearly set forth by President Eisenhower in his recent post-Summit television report to the nation. "We must keep our strength, and hold it steady for the long pull — a strength not neglected in complacency nor overbuilt in hysteria." (Nor, we add, should the stock market embark in "hysteria" on its own.)

And again last week from the President: "In no respect have the composition and size of our forces been based on or affected by Soviet blandishment. Nor will they be. We will continue to carry forward the great improvements already planned in these forces."

Floor-And-Ceiling

Thus, the aggregate of the appropriations about to be legislated, in the absence of an "extreme" event, constitutes both a floor under, and ceiling on, defense spending's stimulus to the economy — "good until" July 1, 1961.

Our Arming Schedule

The detailed military outlays, as embodied in the 1961 budget, were informatively and authoritatively spelled out by Assistant Secretary of Defense (Comptroller) Franklin B. Lincoln, Jr., on June 2 before the New York Chamber of Commerce.

Secretary Lincoln pointed out instances where the House of Representatives made increases in the already liberal programs proposed by the Defense Department, including two cases in which the Pentagon was definitely reversed. In the air sphere, it provided funds for 50 F-106 manned interceptors. It provided $100 million of additional funds for anti-submarine warfare research and development. Again, although the Defense Department on April 6 had increased the Polaris in order to construct six more submarines in the fiscal year 1961, the Congress accelerated that program still further, and provided for five new starts and seven advanced procurements. Furthermore, pre-Summit (mostly on April 6), the House made major increases in the Air Force space programs, airborne alert and research.

In this week's deliberations, the Senate Appropriations Sub-Committee on Tuesday added $608 million, including funds for a supercarrier. It is reported that the Senate's total increase of appropriations may reach $1 billion.

Thus, we see that continuation of the stimulus to economic activity and monetary inflation (or as antidote to de-flation) ensuing from defense spending is practically insured until mid-1961. Of course, transfers among the component items may be expected. But the *totals*, barring a complete Soviet transformation, are insulated against either cuts or additions to follow fluctuations in the Kremlin "heat."

The Best-of-Both-Worlds

Maintenance of contained Cold War hence may be regarded as a Utopian *interval* for the businessman and the investor, giving them the best-of-both the peacetime and wartime worlds; namely the stimulus to economic activity

without the injurious controls, taxes, and destruction entailed by full-scale Hot War. And this may last well beyond 1961 or even 1971. In the last century there was another Cold War, that between Russia and Turkey, during the reign of the Red Sultan, which persisted for a full 35 years, from 1878-1913, without actual outbreak of hostilities.

(This, of course, in no way condones the Soviet charge of war-mongering levelled against "Wall Street" and the American businessman. The latter realize that their material stakes, if not their bodies, would be demolished in the event of the always overhanging danger of the war-ing's transformation from Cold to Hot.)

* * *

"INVESTING" BY THE CALENDAR

Six market letters crossing our desk, and at least three newspaper commentators, have explained this week's market advance by the general expectations of "the usual summer rise" — a chief exhibit of the *Seasonal Credo*.

We disrespectfully submit the following commentary on this recurrent magic bit of market "analysis": (1) Suiting one's portfolio policy, either as regards individual issues, or overall buying or selling balances, to the calendar, surely does little to support the claim that the Stock Exchange functions as an *investment* institution; (2) the "calendar system" is partly based on the assumption that if a sufficient number of people believe in any technique, no matter how foolish, that itself will make it come true; (3) It partly conforms to the "Theory of the Greater Fool," namely that there will always be standing-by a number of other market-players dumber than yourself, and hence on whom you will be able to unload "in time."

In support of points (2) and (3): Such an easy system, like the legendary Ponzi Scheme, is just too easy to be true. Furthermore, as with Sun Spot Theory it is disproved in *actual practice*, via the test of the market place: (cf. the action of the "sure thing" department stores in actually lagging behind the market averages during the last pre-Christmas season, etc. etc.).

In any event, increasing popularity of *any* system, exerts a cumulative self-defeating effect. On the *buying* side, the gate becomes increasingly over-crowded with devotees out-anticipating their fellow-anticipators. And in the "post-season" profit-seeking time, it becomes increasingly difficult to find a "fool" on whom to unload.

The State of TRADE and INDUSTRY

Steel Production
Electric Output
Carloadings
Retail Trade
Food Price Index
Auto Production
Business Failures
Commodity Price Index

The June issue of the "Morgan Guaranty Survey," published by the Morgan Guaranty Trust Co. of New York, has the following to say concerning the business situation

"Business news during the past month was essentially noncommittal. Favorable developments were mixed with unfavorable. The major disappointment was the further rather sharp decline from week to week in steel production. This has constituted something of a surprise, since there had been indications during April of a leveling-out tendency. The desire of steel users to hold inventories in check evidently goes deeper than was originally realized, and it is apparent that steel consumption presently is running ahead of ordering by a considerable margin. In terms of rated capacity, steel output is now below 65%, and the prevailing view is that it may drift lower during June. However, steel makers — meeting at the recent annual session of the American Iron and Steel Institute — generally expressed confidence that inventory adjustments will be largely completed by midsummer. If this should be borne out, the stage would be set for an upturn in the operating rate once the period of seasonal slack associated with the summer vacation period is over.

"The decline in steel production, stemming as it apparently does primarily from users' determination to minimize inventories, is far less ominous than it would be if it reflected a general weakening in demand for the final products that steel is used to make. If steel production were moving down in conjunction with declines in the activities of steel users, the impact on general industrial production would be substantial. As it is, steel is moving down pretty much by itself, and since it has a relative weight of only 5 to 6% in the index of industrial production, the effect is limited. This was illustrated in April when the Federal Reserve index held steady despite a drop in the steel component from a level of 109 to 102 (1957=100).

"Consumer buying remained generally high in May but does not seem to have been characterized by as much buoyancy as in April. During the first two-thirds of the month, sales of new cars continued to run well above the levels a year earlier, although the margin was slimmer than in April. Department store sales showed small year-to-year declines in each of the first three weeks of May. Perhaps some letdown was natural in the aftermath of the exceptionally strong April showing. Nevertheless, on the basis of May's mixed experience, some degree of uncertainty respecting the trend of retail trade lingers.

"On balance, conditions remain stronger than in the early part of this year. Personal income showed an encouragingly robust gain in April, the latest month for which a reading is available, and better weather at that time produced improvement in employment and unemployment figures — a development which appears from weekly data to have been extended since. The rate of general inventory accumulation has slackened appreciably since early in the year, and this trend is the chief business depressant. But it would still appear that there is enough strength in capital-spending trends, in consumer buying, and in over-all governmental purchases to carry the economy through the phase of inventory adjustment without serious trouble.

"The impact of the summit failure on business appears to have been momentary and narrow. It exerted some short-lived influence on money-market rates, but there has been virtually no reaction in commodity markets and scant indication that business planning will be affected. The evidence suggests that people, both at home and abroad, have become accustomed to intermittent international flare-ups as a more or less normal state of world affairs.

"It seems improbable also that there will be any near-term dramatic shift in the pattern or level of United States defense expenditures as a result of what happened in Paris. President Eisenhower has emphasized that the nation's military program is geared for the long pull, stating in his post-summit speech that it would be just as unsound to step up spending in response to each crisis as it would be to taper off with each seeming relaxation of tensions."

Bank Clearings Down 4.8% Compared With a Year Ago

Bank clearings this week will show a decrease compared with a year ago. Preliminary figures compiled by the "Chronicle" based upon telegraphic advices from the chief cities of the country, indicate that for the week ended Saturday, June 4, clearings for all cities of the United States for which it is possible to obtain weekly clearings will be 4.8% below those of the corresponding week last year. Our preliminary totals stand at $22,972,218,507 against $24,136,727,802 for the same week in 1959. Our comparative summary for the principal money centers for the week ending June 4 follows:

	(000 omitted)		
	1960	1959	%
New York	$12,648,285	$12,779,719	— 1.0
Chicago	1,117,245	1,147,875	— 2.7
Philadelphia	995,000	1,098,000	— 9.4
Boston	666,593	743,922	—10.4

New Steel Order Lag Indicates Further Cut in Operating Rate

The rate of new orders for steel continues at a low level, indicating the "bottoming out" period is not yet over, "The Iron Age" reports.

The national metalworking weekly says the volume of new business is not enough to justify an operating rate of more than 50% of capacity. The small improvement noted in recent weeks has not gained momentum.

This means further declines in the operating rate are inevitable, the magazine predicts.

The low level of business is caused by two principal factors:

One is the continued cutbacks of inventory levels by major steel users. It's estimated that consumers have been using steel at the rate of a million tons a month in excess of deliveries.

The second factor is the failure of many of the major steel users to really get going after the steel strike. This includes oil country goods users, the railroads, and heavy construction. Of these three, only heavy construction shows any hope of a resurgence.

The magazine comments that if it were not for heavy production schedules by the auto industry, the steel industry would be in a desperate situation. But even continued high auto production is not enough to sustain a high rate of steel production without support of other major consumers.

However, inventory cutbacks will have to come to an end soon. This fact, plus expected upturn in orders in July and August, indicate a comeback in steel operations in the late summer.

Auto production for June is scheduled for 625,000 cars. This will result in a first half total of better than 3.8 million cars. However, automakers are concerned by the inventory of unsold 1960's, now estimated at 1,075,000 cars, the highest in history.

The cleanup problem and shutdowns for 1961 model changes will have to be faced soon by automakers, and a decline in production is likely through July and August.

During the period of slow orders, mills are placing emphasis on service and delivery, with first delivery promises frequently getting the order. But even this is reaching the point of diminishing returns. Service is down to such a fine point that there is little difference between mills.

Price softness continues on many products and is reflected in new price concessions in warehouses. Several base price cuts are reported as well as reduction in some extra charges.

Liquidation of Excess Steel Inventories Nears Peak Rate

Liquidation of excess inventories is nearing a peak rate, "Steel," the metalworking weekly, reported June 6.

This month, users will chew up about one million more tons of finished steel than they will receive from U. S. and foreign producers. They will consume about 6.7 million tons, but they will receive only 5.6 million—5.3 million tons from American mills and 300,000 from importers. May stocks were at an 18 million ton level.

The country may be witnessing an inventory revolution. Buyers seem determined to stock less steel than ever before and to push the warehousing function back to their suppliers.

"Steel" predicted that inventories will drop to 17 million tons by June 30. The inventory runoff will be more than twice as great as it was in May.

Because of plant vacations throughout metalworking and model changeovers in the automotive industry, steel consumption will not be as great in July and August as it has been during the second quarter. In each of the next two months, consumers will probably draw about 500,000 tons from their stockpiles, reducing aggregate inventories to 16 million tons by the end of August.

In September, consumption will pick up again — probably to a monthly rate of seven million tons—as automakers start turning out their 1961 models. Steel shipments will increase, too, but the inventory runoff will probably continue.

Consumers may persist in reducing their stocks by 500,000 tons a month until October or November, when inventories may drop to 14.5 million tons.

"Steel" said odds still favor a price hike in December (when wages go up) even though steelmakers will be under pressure to absorb added employment costs because of competition from foreign mills and domestic makers of nonferrous materials.

Some buyers undoubtedly will hedge in anticipation of the move. A major plate and structural fabricator is taking no chances on jobs that it is bidding at cost. Says a sales vice-president: "We are adding $6 a ton to the cost of steel on any jobs that we might get after Nov. 1."

Nonferrous prices will be stable throughout the summer, the magazine said. There may be a continuation of discounting in some fabricated and semifabricated product lines, but prices for such primary forms as pig, ingot, cake, billet, slab, and wire bars should not vary much from present levels.

By yearend, copper may be down, lead and zinc up. Aluminum may hold. Only a severe political-economic crisis in some large consuming or producing area of the

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TAX-EXEMPT BOND MARKET

BY DONALD D. MACKEY

The tax-exempt bond market was improved considerably, as was the entire bond market, by last Thursday's action of the Federal Reserve Banks of San Francisco and Philadelphia in reducing the rediscount rate from 4% to 3½%. The municipal and state bond market, previously in good technical balance, immediately responded with gains of from one-half to two points. There being no important new issues up for sale on Friday, June 3, the first evidence of improvement showed in the dollar bond quotations. These markets have been thin for some time and quotes improved as rapidly as they did for long government issues. After closing up an average of about one-half point, Treasury issues in some instances were up close to one-and-one-half points on Friday.

Inventory Pared Sharply

Much municipal bond business was reported done last Friday and on Monday of this week. On Thursday, June 2, the "Blue List" reported a state and municipal bond total of $350,000,000 which has been about the average for the past few months. On Tuesday, June 7, the reported float was $264,000,000, a reduction of $86,000,000 within a few days. Although some offerings were withdrawn from the list for purposes of mark-up and subsequent re-offering, the volume of retail business represented is large. This, we believe, is the largest reduction in the "Blue List" inventory in recent municipal bond history.

Index Reflects Price Enhancement

The Commercial and Financial Chronicle's state and municipal bond index indicates a general market improvement in high grade 20-year bonds of close to one point. This is a substantial rise in view of the fact that secondary offerings (on which the index is based) respond less immediately than do new issue offerings. Last week the average yield figured 3.46%. This week's average is 3.415%.

MARKET ON REPRESENTATIVE SERIAL ISSUES

	Rate	Maturity	Bid	Asked
California (State)	3½%	1978-1980	3.90%	3.75%
Connecticut (State)	3¾%	1980-1982	3.50%	3.35%
New Jersey Highway Auth., Gtd.	3%	1978-1980	3.45%	3.30%
New York (State)	3%	1978-1979	3.20%	3.05%
Pennsylvania (State)	3⅜%	1974-1975	3.20%	3.05%
Vermont (State)	3⅛%	1978-1979	3.25%	3.10%
New Housing Auth. (N. Y., N. Y.)	3½%	1977-1980	3.55%	3.40%
Los Angeles, Calif.	3¾%	1978-1980	3.85%	3.70%
Baltimore, Md.	3¼%	1980	3.65%	3.50%
Cincinnati, Ohio	3½%	1980	3.35%	3.25%
New Orleans, La.	3¼%	1979	3.65%	3.50%
Chicago, Ill.	3¼%	1977	3.75%	3.60%
New York City, N. Y.	3%	1980	3.90%	3.85%

June 8, 1960 Index=3.415%

The Smith, Barney & Company Turnpike bond yield index indicated an average market rise of over one-half point. On May 25 the average yield was 4.03% as against 3.99% on June 2, the last reporting date. It should be noted that this predates the discount rate change and were an average struck currently, the market average might be at least a half point better.

Recent Financing

Albuquerque, New Mexico awarded $3,000,000 (1961-1965) school bonds to the C. J. Devine & Company on Thursday, June 2. The bonds were priced to yield from 2.75% to 3.40% and about two-thirds of the issue was placed on initial offering. The demand for Albuquerque bonds has become more general as its commercial and resort activities have become more prominent nationally.

There were several important sizable new issues up for sale on Tuesday of this week. Although Treasury issues were slightly easier on Monday, and dollar quoted municipal revenue issues were off from the tops set earlier in the day, enthusiasm was not dampened among municipal men. The market trend for tax exempts looked better from all viewpoints, despite the Treasury insistence to proceed with its first experiment in advance refunding. Although the Treasury list eased generally on Tuesday and further relaxed Wednesday morning, municipal dealers bid avidly in their quest for new issue inventory.

Pennsylvania Issue Well Received

Tuesday's largest new issue offering was $25,000,000 General State Authority of the Commonwealth of Pennsylvania bonds (1963-1987). This issue is not a general obligation of the state but is well secured by a pledge of revenues, and the purpose is popular among Pennsylvania investors, particularly at present level of the market. The successful bidders, headed by Drexel & Company, Harriman Ripley & Company, The First Boston Corporation, Kidder, Peabody & Co., and others, offered the bonds to yield from 2.80% to 3.70%. At this writing, at least two-thirds of the issue is reported out of account. This certainly represents a good first day effort.

The day's second largest new issue offering involved $17,700,000 Memphis, Tennessee, various purpose general obligation bonds (1961-1988). Reoffering yields ran from 2.25% to 3.55%. Since orders were being taken until noon yesterday (June 8) no report on sales is available. This highly rated issue is generally popular with investors and, at present yields, a successful underwriting should develop.

Another very interesting municipal offering awarded on Tuesday involved $5,000,000 Anchorage, Alaska, School District bonds and $4,625,000 improvement bonds. Now that Alaska is a state, the bonds of its municipalities have attracted more dealer and investor attention. Several bids were made for these issues, with The Chase Manhattan Bank group the highest; group members included Harriman Ripley & Company, Salomon Brothers & Hutzler, C. J. Devine and Northern Trust. The issues mature from 1961-1980 and the longest bonds were priced to yield 4.50%. It is reported that more than one-third of the two issues has been sold.

Fifteen million dollar City of Los Angeles, Department of Water and Power system bonds (1961-1990) were awarded on June 8 to the group headed by The First Boston Corporation and including Drexel & Company, Eastman Dillon, Union Securities & Company, Salomon Brothers & Hutzler, Wertheim and Company and Equitable Securities Company. The bonds were priced to yield from 2.40% to 3.75%. The obligations of this well operated, highly rated municipal utility usually attract considerable investor attention. Thus far half the issue has been sold.

Heavy New Issue Schedule Ahead

The new issue calendar expands broadly next week and heavy volume will persist throughout the month. On Tuesday (June 14) the Commonwealth of Kentucky will take bids on $30,000,000 serial bonds; the State of Michigan will sell $25,000,000 serial bonds (highway revenue); Milwaukee, Wis., will sell $15,000,000 water revenue serial bonds; the Philadelphia, Pa., School District will sell $10,000,000 serial bonds and St. Paul, Minn., will sell $5,633,000 serial bonds. There is a scattering of lesser issues also up for bids on this busy day.

On Wednesday (June 15) Puerto Rico will sell $17,000,000 general obligation serial bonds and on June 16 the State of Connecticut wants bids for $28,080,000 general obligation serial bonds. Thereafter, sizable new issues appear daily for the remainder of the month. The total calendar volume is now in excess of $600,000,000, not including $100,000,000 New York State Power Authority serial and term bonds scheduled to be negotiated by Dillon, Read & Company, Inc., Halsey, Stuart & Company, Inc., Kuhn, Loeb & Company, and W. H. Morton & Company for offering about June 21.

Market in Good Shape

The market seems likely to absorb the moderately heavy volume ahead with but little difficulty, providing that dealers appraise the situation with some caution. Yields are still generous despite the long period of gradual market improvement and demand seems not generally surfeited. The remainder of June should be an interesting investment period for both dealers and investors.

Larger Issues Scheduled For Sale

In the following tabulations we list the bond issues of $1,000,000 or more for which specific sale dates have been set. ***Information, where available, includes name of borrower, amount of issue, maturity scale, and hour at which bids will be opened.***

June 9 (Thursday)			
Bethlehem, Pennsylvania	1,500,000	1961-1985	10:30 a.m.
Bloomington, Minnesota	3,000,000	1963-1986	5:00 p.m.
Calcasieu Parish School District No. 30, Louisiana	2,000,000	1961-1980	10:00 a.m.
Waterford Township School Dist. No. 30, Michigan	2,500,000	1962-1986	8:00 p.m.
West Virginia State Armor Board, West Virginia	1,475,000	1962-1990	11:00 a.m.
June 13 (Monday)			
Corpus Christi, Texas	3,810,000	1961-1984	2:00 p.m.
Des Moines, Iowa	2,000,000	1961-1970	7:00 p.m.
June 14 (Tuesday)			
Farmington, New Mexico	1,690,000	1961-1975	7:30 p.m.
Grand Forks Ind. Sch. Dist., N. D.	1,200,000	--------	--------
Kentucky	30,000,000	1962-1971	1:00 p.m.
Lafayette Parish Consol. Sch. Dist. No. 1, Louisiana	1,875,000	1963-1990	2:00 p.m.
Mercer County, New Jersey	1,188,000	1961-1975	2:00 p.m.
Michigan	25,000,000	--------	--------
Milwaukee, Wisconsin	15,000,000	1961-1990	10:00 a.m.
Pasadena City Jr. College District, California	5,000,000	1961-1980	9:00 a.m.
Philadelphia School District, Pa.	10,000,000	1962-1985	11:00 a.m.
Pinellas County, Florida	3,300,000	1993-1998	2:00 p.m.
St. Paul, Minnesota	5,633,000	1961-1990	10:00 a.m.
University of Illinois, Board of Trustees, Illinois	5,000,000	--------	11:00 a.m.
Washoe County, Nevada	3,000,000	--------	8:00 p.m.
June 15 (Wednesday)			
Braintree, Massachusetts	2,400,000	1961-1980	11:00 a.m.
Mississippi	5,000,000	1964-1994	10:00 a.m.
Puerto Rico	17,000,000	1961-1980	11:00 a.m.
Struthers, Ohio	1,200,000	1961-1980	Noon
June 16 (Thursday)			
Bayonne Housing Authority, N. J.	1,000,000	1985	Noon
Connecticut	28,880,000	1961-1980	11:00 a.m.
Honolulu, Hawaii	2,000,000	1971-1990	9:00 a.m.
Newburgh City School Dist., N. Y.	2,550,000	1961-1977	3:30 p.m.
University of Tennessee, Tenn.	1,800,000	--------	11:00 a.m.
June 17 (Friday)			
Fort Lewis Agricultural and Mechanical College, Colorado	1,308,000	--------	10:00 a.m.
June 20 (Monday)			
Evansville School Corp., Indiana	1,500,000	1962-1973	3:30 p.m.
Manitowoc, Wisconsin	1,650,000	1961-1980	3:00 p.m.
Maricopa County School District No 210, Arizona	5,000,000	1961-1976	11:00 a.m.
June 21 (Tuesday)			
Alabama	50,000,000	--------	11:00 a.m.
Asheboro, North Carolina	1,800,000	1961-1985	11:00 a.m.
Broward County, Florida	3,600,000	1961-1970	11:00 a.m.
Carter County, Tennessee	1,576,000	1962-1980	--------
Chula Vista, California	1,250,000	1961-1980	7:00 p.m.
Jersey City, New Jersey	2,000,000	1961-1980	
Nashville, Tennessee	4,925,000	1960-1997	7:30 p.m.
*New York State Power Authority	100,000,000	2006	--------
*Negotiated offering by Dillon, Read & Co., Inc., Halsey, Stuart & Co. Inc., Kuhn, Loeb & Co., and W. H. Morton & Co., Inc.			
Norfolk, Virginia	9,000,000	1961-1985	11:00 a.m.
Ohio	15,000,000	1960-1970	Noon
Croville-Wyandotte Irrigation District, California	62,000,000	--------	--------
Oxnard Union High Sch. D., Calif.	1,750,000	1961-1975	11:00 a.m.
Passaic, New Jersey	1,418,000	--------	--------
Paterson, New Jersey	3,080,000	--------	--------
West Orange, New Jersey	1,132,000	--------	8:15 p.m.
June 22 (Wednesday)			
Anaheim, California	6,600,000	1961-1980	10:00 a.m.
Eastchester, New York	2,538,000	--------	3:00 p.m.
Maryland State Roads Commission, Maryland	20,000,000	1961-1975	11:00 a.m.
Miami, Florida	3,000,000	1963-1986	11:00 a.m.
Morehead State College of Kentucky, Ky.	1,950,000	1962-1999	10:30 a.m.
June 28 (Tuesday)			
California	93,000,000	--------	--------
Escondido, California	1,125,000	1961-1999	7:30 p.m.
June 29 (Wednesday)			
Florida Development Comm., Fla.	16,800,000	1965-1990	11:00 a.m.
Louisiana State Univer., Louisiana	6,500,000	1962-1983	11:00 a.m.
Pennsylvania State Public School Building Author., Pennsylvania	25,500,000	--------	--------
June 30 (Thursday)			
El Paso, Texas	3,000,000	--------	--------
El Paso Ind. School Dist., Texas	6,000,000	--------	--------
July 6 (Wednesday)			
Orleans Levee District, La.	1,500,000	1961-1970	11:00 a.m.
July 12 (Tuesday)			
New Orleans, Louisiana	6,200,000	1962-1990	10:00 a.m.
Santa Clara County, California	11,498,000	1961-1985	11:00 a.m.
July 19 (Tuesday)			
Eugene, Oregon	25,000,000	--------	--------
July 20 (Wednesday)			
Bernards Township Sch. Dist., N. J.	1,532,000	1961-1980	8:00 p.m.
Sept. 8 (Thursday)			
Los Angeles, California	4,000,000	--------	10:00 a.m.

This announcement is under no circumstances to be construed as an offering of these bonds for sale or as a solicitation of an offer to buy any of these bonds, and is published in any state on behalf of only such of the underwriters, including the undersigned, as may legally offer these bonds in such state. The offer of these bonds is made only by means of the Official Statement.

NEW ISSUE

$25,000,000

The General State Authority of the Commonwealth of Pennsylvania

Twelfth Series, Serial Bonds

Dated June 15, 1960 — Due as set forth below

These bonds are subject to redemption prior to maturity in part from time to time on July 15, 1965, or on any interest payment date thereafter if moneys in the Bond Redemption Fund are used for such purpose and at the option of the Authority on or after July 15, 1970, as a whole at any time or in part from time to time on any interest payment date, on at least 30 days' prior notice, either by publication or as otherwise provided in the Resolution, upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, plus a premium of ¼ of 1% of such principal amount for each year or fraction thereof from the date fixed for redemption to the date of maturity, not, however, in any case exceeding 3% of such principal amount.

Principal and semi-annual interest (January 15 and July 15, first coupon January 15, 1961) payable at Mellon National Bank and Trust Company, Pittsburgh, Pennsylvania, Fiscal Agent, or at the option of the holder at The First Pennsylvania Banking and Trust Company, Philadelphia, Pennsylvania, or at Bankers Trust Company, New York City. Coupon bonds in the denomination of $1,000, registerable as to principal only, or registered bonds without coupons in the denomination of $1,000 and any multiple thereof, interchangeable.

Interest exempt, in the opinion of counsel for the Authority, from present Federal income taxation under existing statutes and decisions.

The General State Authority Act of 1949 provides that the bonds, their transfer, and the income therefrom, including any profits made on the sale thereof, are exempt from taxation (other than inheritance and estate taxes) within the Commonwealth of Pennsylvania.

The Fiduciaries Investment Act of 1949 provides that the bonds are authorized investments for fiduciaries, as defined in said Act, in Pennsylvania.

The bonds will be direct and general obligations of the Authority and all the bonds issued and to be issued will be equally secured by the pledge of the full faith and credit of the Authority, by the pledge of all rentals payable by the Commonwealth from its current revenues under leases covering projects leased by the Authority to the Commonwealth, which leases are to provide for the payment of annual rentals sufficient to meet the annual Principal and Interest Requirements on the bonds, and by the pledge of all other revenues, rentals and receipts of the Authority. The full faith and credit of the Commonwealth will not be pledged to the payment of the principal and interest on the bonds.

The bonds are offered when, as and if issued and received by us and subject to the approval of legality by Messrs. Burgwin, Ruffin, Perry & Pohl, Pittsburgh, Pennsylvania, bond counsel, and Warren W. Holmes, Esq., general counsel for the Authority. It is expected that delivery of the bonds in definitive coupon form in the denomination of $1,000 will be made on or about July 6, 1960.

Principal Amount	Interest Rate	Due July 15	Yield to Maturity (or Price)	Principal Amount	Interest Rate	Due July 15	Yield to Maturity (or Price)	Principal Amount	Interest Rate	Due July 15	Yield to Maturity (or Price)
$680,000	3%	1963	2.80%	$ 870,000	3.20%	1971	3.35%	$1,125,000	3.60%	1980	100
700,000	3	1964	2.90	900,000	3.40	1972	100	1,165,000	3.60	1981	100
725,000	3	1965	100	925,000	3.40	1973	100	1,210,000	3.60	1982	100
745,000	3	1966	3.10	935,000	3.40	1974	3.45	1,250,000	3.60	1983	3.65%
765,000	3.20	1967	3.15	950,000	3½	1975	100	1,295,000	3.60	1984	3.65
790,000	3.20	1968	100	980,000	3½	1976	100	1,345,000	3.60	1985	3.70
815,000	3.20	1969	3.25	1,015,000	3½	1977	100	1,390,000	3.60	1986	3.70
845,000	3.20	1970	3.30	1,050,000	3½	1978	3.55	1,440,000	3.60	1987	3.70
				1,090,000	3½	1979	3.55				

(accrued interest to be added)

For information relating to The General State Authority and to these bonds, reference is made to the Official Statement of The General State Authority dated June 7, 1960, which should be read prior to any purchase of these bonds. The Official Statement may be obtained in any state from only such of the underwriters including the undersigned, as may legally offer these bonds in such state.

Drexel & Co. — Harriman Ripley & Co. Incorporated — The First Boston Corporation — Kidder, Peabody & Co.

Smith, Barney & Co. — Blyth & Co., Inc. — Lehman Brothers — Phelps, Fenn & Co.

Eastman Dillon, Union Securities & Co. — B. J. Van Ingen & Co. Inc. — White, Weld & Co.

A. C. Allyn and Company Incorporated — Equitable Securities Corporation — Carl M. Loeb, Rhoades & Co.

Hemphill, Noyes & Co. — Lee Higginson Corporation — F. S. Moseley & Co. — Stroud & Company Incorporated

Yarnall, Biddle & Co. — Alex. Brown & Sons — W. E. Hutton & Co. — A. G. Becker & Co. Incorporated — Reynolds & Co.

Shearson, Hammill & Co. — Hallgarten & Co. — American Securities Corporation — Barr Brothers & Co.

Bacon, Stevenson & Co. — Estabrook & Co. — First of Michigan Corporation — Roosevelt & Cross Incorporated

Butcher & Sherrerd — Schmidt, Roberts & Parke — Singer, Deane & Scribner — Auchincloss, Parker & Redpath

Moore, Leonard & Lynch — Penington, Colket & Co. — W. H. Newbold's Son & Co. — Stern Brothers & Co.

C. F. Childs and Company Inc. — William R. Staats & Co. — Tucker, Anthony & R. L. Day — King, Quirk & Co. Incorporated

J. W. Sparks & Co. — Janney, Dulles & Battles, Inc. — Green, Ellis & Anderson

New York Hanseatic Corporation — Ernst & Company — Rand & Co. — Bacon, Whipple & Co.

Newburger, Loeb & Co. — Johnston, Lemon & Co.

June 8, 1960.

DEALER-BROKER INVESTMENT LITERATURE AND RECOMMENDATIONS

IT IS UNDERSTOOD THAT THE FIRMS MENTIONED WILL BE PLEASED TO SEND INTERESTED PARTIES THE FOLLOWING LITERATURE:

Airlines — Review of outlook — John H. Lewis & Co., 63 Wall St., New York 5, N. Y.

Atomic Power Development — Study with particular reference to the **Yankee Atomic Electric Plant**—Schirmer, Atherton & Co., 50 Congress St., Boston 3, Mass. Also available is a review of **Oil Stocks** and analyses of **Ludlow Corp., Nickel Plate, Carwin Co., Greyhound Corp.**, and **Remco Industries.**

Ballistic Missiles and Space—Review — Dean Witter & Co., 45 Montgomery St., San Francisco 6, Calif.

Bank Stock Quotations of Houston and Harris County and Surrounding Towns — Analytical comparison chart and price trends—Kay and Co., 2316 South Main St., Houston 2, Texas.

Buildings Materials Stocks—Bulletin with particular reference to **American Marietta, Bestwall Gypsum, Georgia Pacific**, and **U. S. Plywood** — Shearson, Hammill & Co., 14 Wall St., New York 5, N. Y. Also available is a bulletin on **Retail Trade Stocks.**

Canadian Common Stocks—Data on 57 Canadian Corporations — Thomson Kernaghan & Co., Ltd., 67 Richmond St., West, Toronto 1, Ont., Canada.

Canadian Securities — Review — Walwyn, Stodgell & Co., Ltd., 44 King St. West, Toronto, Ont., Canada.

Common Stocks for various objectives—Hemphill, Noyes & Co., 15 Broad St., New York 5, N. Y. Also available is a detailed study of **Raybestos-Manhattan, Inc.**

Defense Stocks — Bulletin — Droulia & Co., 25 Broad St., New York 4, N. Y.

Finance Companies — Bulletin — Bache & Co., 36 Wall St., New York 5, N. Y.

Fire & Casualty Insurance Stocks —Comparison & Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Foreign Investments in Japan— Discussion — Yamaichi Securities Co. of New York, Inc., 111 Broadway, New York 6, N. Y. Also available are reviews of **Mitsubishi Electric Mfg. Co., Nippon Oil Co., Ltd., Toyo Koatsu Industries**, and **Mitsubishi Estate Co.**

Japanese Stocks — Monthly stock digest and economic review — Nomura Securities Co., Ltd., 61 Broadway, New York 6, N. Y.

Market Outlook — Review — J. R. Williston & Beane, 2 Broadway, New York 4, N. Y.

Over-the-Counter Index — Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 20-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Railroads—Detailed discussion of the roads, their history and outlook—Merrill Lynch, Pierce, Fenner & Smith Incorporated, 70 Pine St., New York 5, N. Y.

Retail Trade—Review and outlook with particular reference to **Associated Dry Goods, Gimble Brothers**, and **Sears, Roebuck & Co.** — Eastman Dillon, Union Securities & Co., 15 Broad St., New York 5, N. Y. Also available is a list of recommended **Convertible Debentures & Preferreds.**

Savings and Loan Associations— Analysis—Bateman, Eichler & Co., 453 South Spring St., Los Angeles 13, Calif.

Selected Metals — Review — Carl M. Loeb, Rhoades & Co., 42 Wall St., New York 5, N. Y.

Stocks—List of interesting securities in various categories—Morgan Davis & Co., 63 Wall St., New York 5, N. Y.

Stocks With Interest Abroad — Bulletin—Courts & Co., 11 Marietta St., N. W., Atlanta 1, Ga.

Trend of Interest Rates—Bulletin — McLeod, Young, Weir & Co. Ltd., 50 King St., West, Toronto, Ont., Canada.

Understanding Put & Call Options —Herbert Filer—Crown Publishers, Dept. A-7, 419 Park Avenue, South, New York 16, N. Y.—$3.00 (ten day free examination).

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Adams Mills — Memorandum — Bruns, Nordeman & Co., 115 Broadway, New York 6, N. Y.

Allis Chalmers Manufacturing Co. —Data—Oppenheimer, Neu & Co., 120 Broadway, New York 5, N. Y. Also in the same circular are data on **Bristol-Myers Co., Jones & Laughlin Steel Corp., Kern County Land Co., North American Aviation** and **United States Rubber.**

Amerada Petroleum — Memorandum—R. W. Pressprich & Co., 48 Wall Street, New York 5, N. Y.

American Marietta Co.—Report— The Milwaukee Co., 207 East Michigan Ave., Milwaukee 2, Wis. Also available are reports on **American Express Co., Dejur Amsco Corp.**, and **Barber Greene Co.** and memoranda on **Reading & Bates Offshore Drilling Co.** and **Western Casualty & Surety Co.**

American Monorail Company — Analysis—Fulton, Reid & Co., Inc., Union Commerce Building, Cleveland 14, Ohio. Also available is an analysis of **Franklin Electric Co., Inc.**

American Natural Gas — Data — Goodbody & Co., 2 Broadway, New York 4, N. Y. Also available are data on **General Instrument.**

Apache Corp. — Memorandum — Paine, Webber, Jackson & Curtis, 25 Broad Street, New York 4, N. Y.

Beatrice Foods Co. — Analysis — H. Hentz & Co., 72 Wall Street, New York 5, N. Y. Also available is a list of utility issues which appear attractive.

Bowman Products Co. — Data — Purcell & Co., 50 Broadway, New York 4, N. Y.

Brunswick — Memorandum — Emanuel, Deetjen & Co., 120 Broadway, New York 5, N. Y.

Brunswick Corporation—Analysis —Carreau & Company, 115 Broadway, New York 6, N. Y. Also available is a report on **Continental Insurance Co.** and in the June Investment Letter a review of **Colgate-Palmolive** and a list of **Growth Stocks.**

Burlington Industries, Inc. — Analysis—Peter P. McDermott & Co., 42 Broadway, New York, N. Y.

Burroughs Corporation—Analysis —Cohen, Simonson & Co., 25 Broad Street, New York 4, N. Y.

Campbell Chibougamau Mines Ltd. — Analysis — The Midland Company Ltd., 50 King Street, West, Toronto, Ont., Canada.

Canadian Chemical Company Limited — Analysis — Doherty Roadhouse & Co., 335 Bay Street, Toronto, Ont., Canada.

Chance Vought Aircraft Inc.— Analysis—Boenning & Co., 1529 Walnut Street, Philadelphia 2, Pa.

Cleveland Electric Illuminating Co.—Review—Montgomery. Scott & Co., 120 Broadway, New York 5, N. Y. Also available are data on **Illinois Power Co., Long Island Lighting Co., New York State Electric & Gas Corp.** and **Pacific Gas & Electric Co.**

Colorado Interstate Gas Company —Analysis — Sartorius & Co., 39 Broadway, New York 6, N. Y.

Continental Can Company, Inc.— Analysis—Hayden, Stone & Co., 25 Broad Street, New York 4, N. Y. Also available is an analysis of **Armstrong Rubber Company.**

Cracker Barrel Supermarkets Inc. —Report—V. S. Wickett & Company, Incorporated, 99 Wall St., New York 5, N. Y.

Crane Co.—Report—Harris, Upham & Co., 120 Broadway, New York 5, N. Y. Also available are **reports on Ferro Corp., Union Carbide Corp.** and **United Corp.**

Cross Company — Analysis —Southern Brokerage Company, Tower Petroleum Building, Dallas, Texas. Also available is an analysis of **Air Products, Inc.**

Crowell Collier Publishing Company — Analysis — Sutro Bros. & Co., 80 Pine Street, New York 5, N. Y. Also available is an analysis of **Mergenthaler Linotype Co.**

Dobbs Houses, Inc. — Analysis— Mid South Securities Company, American Trust Building, Nashville 3, Tenn.

Dominion Stores Ltd.—Analysis— James Richardson & Sons, Inc., 14 Wall Street, New York 5, N. Y.

Eastern Industries Inc.—Bulletin —De Witt Conklin Organization, Inc., 120 Broadway, New York 5, N. Y. Also available is a bulletin on **International Resistance Company.**

General Instrument — Review— Cooley & Company, 100 Pearl Street, Hartford 4, Conn. Also in the same circular are data on **Vick Chemical, Clary Corporation** and **Beckman Instruments.**

General Plywood Corporation— Analysis—Winslow, Cohu & Stetson, Inc., 26 Broadway, New York 4, N. Y.

Georgia Pacific Corp.—Bulletin, Woodcock, Moyer, Fricke & French, Inc., 123 South Broad St., Philadelphia 9, Pa.

Helene Curtis Industries, Inc.— Analysis—G. A. Saxton & Co., Inc., 52 Wall Street, New York 5, N. Y. Also available is a comparative tabulation of **Public Utility Common Stocks.**

Heli Coil — Review — Ira Haupt & Co., 111 Broadway, New York 6, N. Y. Also available are reviews of **Charles Pfizer** and **Parke Davis.**

Illinois Central Railroad—Analysis—Vilas & Hickey, 26 Broadway, New York 4, N. Y.

International Nickel — Data— —Freehling, Meyerhoff & Co., 120 South La Salle Street, Chicago 3, Illinois.

International Resistance—Memorandum—Newburger & Co., 1401 Walnut Street, Philadelphia 2, Pa. Also available is a memorandum on **Nafi**

W. A. Krueger Co. — Study— Straus, Blosser & McDowell, 39 South La Salle Street, Chicago 3, Ill.

Lear, Inc.—Analysis—William R. Staats & Co., 640 South Spring St., Los Angeles 14, Calif.

Lewis Business Forms—Analysis —Varnedoe, Chisholm & Co., Inc., Savannah Bank & Trust Building, Savannah, Ga.

Ludlow Corp.—Memorandum—du Pont, Homsey & Co., 31 Milk St., Boston 9, Mass.

Macco Corporation — Analysis — Leason & Co., Incorporated, 39 South La Salle Street, Chicago 3, Ill.

New Jersey Zinc — Memorandum —Francis I. du Pont & Co., 1 Wall Street, New York 5, N. Y. Also available are memoranda on **Columbia Broadcasting** and **Beech-Nut Life Savers.**

Old Republic Life Insurance Co.— Memorandum—Fahnestock & Co., 135 South La Salle Street, Chicago 3, Ill.

Penn Fruit Co.—Memorandum— John Lamula Investors Inc., 130 William St., New York 38, N. Y.

Philadelphia Electric Company — Analysis—Green, Ellis & Anderson, 61 Broadway, New York 6, N. Y. Also available is a review of **Southern California Edison Company.**

Pittsburgh Plate Glass Co.—Analysis—Penington, Colket & Company, 70 Pine Street, New York 5, N. Y. Also available is a memorandum on **Pfaudler Permutit.**

Pittsburgh Plate Glass — Data — Weingarten & Company, 551 Fifth Avenue, New York 17, N. Y. Also in the same circular are data on **Westinghouse Air Brake.**

Plough, Inc.—Analysis—Halle & Stieglitz, 52 Wall Street, New York 5, N. Y.

Puerto Rican Securities — Quarterly report to investors—Government Development Bank for Puerto Rico, San Juan, Puerto Rico.

Ranco Incorporated — Analysis — W. E. Hutton & Co., 14 Wall St., New York 5, N. Y. Also available are analyses of **Singer Manufacturing Company**, and **Morton Manufacturing Corporation.**

Raytheon—Analysis—Reynolds & Co., 120 Broadway, New York 5, N. Y. Also available is a review of the leading **Tire & Rubber Companies**, and an analysis of **General Motors Corporation.**

Richardson Co.—Memorandum— H. A. Riecke & Co., 1433 Walnut Street, Philadelphia 2, Pa.

Ryan Aeronautical Company — Report—Robinson & Co., Inc., 42 South 15th Street, Philadelphia 2, Pa.

Salem Brosius — Bulletin — M. K. Mellott Company, 29 Broadway, New York 6, N. Y.

Scruggs Vandervoort Barney — Memorandum — Smith, Moore & Co., 509 Olive Street, St. Louis 1, Mo.

Seapak Corporation — Analysis — Evans & Co., Incorporated, 300 Park Ave., New York 22, N. Y.

Security Life & Trust Co.—Memorandum — Alex. Brown & Sons, Reynolds Building, Winston-Salem, N. C.

Singer Manufacturing Co.—Report —A. M. Kidder & Co., Inc., 1 Wall Street, New York 5, N. Y. Also available are data on **Magnavox Co.**

Swan Rubber—Memoradum—The Ohio Co., 51 North High Street, Columbus 15, Ohio.

Swift & Company—Review—Fahnestock & Co., 65 Broadway, New Yark 6, N. Y. Also available is a review of **Thatcher Glass Manufacturing Co.**

Universal Controls, Inc.—Analysis —Gude, Winmill & Co., 1 Wall St., New York 5, N. Y.

Upjohn Company — Analysis — Thomson & McKinnon, 2 Broadway, New York 4, N. Y.

Westinghouse Air Brake—Memorandum—Filor, Bullard & Smyth, 26 Broadway, New York 4, N. Y.

Freedman Co. Opens in N.Y.C.

Samuel B. Freedman & Co. has been formed with offices at 45 Wall Street, New York City, to engage in a securities business. Samuel B. Freedman and Robert P. Freedman are partners in the new firm, which is a member of the New York and American Stock Exchanges.

Michael J. G. Logan is associated with them.

Riverside Securities

NORTH HOLLYWOOD, Calif. — Riverside Securities Inc. is now conducting its securities business from offices at 10000 Riverside Drive. Officers are John A. Mendoza, President, and V. B. Mendoza, Secretary-Treasurer.

Long-Range Trends In the U. S. Economy

By James W. Knowles,* *Joint Economic Committee, U. S. Congress*

A preview of what is likely to be the economic situation in 1980, based on important assumptions made clear, shows: (1) $1,175 billion GNP in real terms with consumer expenditures taking 67%, or a per capita rise in consumption from $1,761 to $3,147; (2) an output expansion averaging 4% per year entailing at present plant-equipment investing of 3.7% of GNP and asset-replacement constituting about 4.8% of GNP—a total of 8.5%. However, by 1980 this, he says, would be 3% and 4.3%, respectively, or a total of 7.4% of GNP—or a doubling of business expenditures from $44 billion in 1959 to about $88 billion in 1980; and (3) ample savings to meet all private demand which would result in a tendency for interest rates to be weak rather than strong.

In the last two decades the use of long-range projections of the growth possibilities of the American economy has become standard practice in many areas of public and private decision making.

James W. Knowles

The Employment Act of 1946 does not purport to guarantee or insure full employment, an adequate rate of growth and a stable rate of prices, but it does commit the Federal Government, in cooperation with other public and private agencies, to utilize all its plans, functions, and resources to promote the accomplishment of these objectives. With this commitment as the basis of public policy, it is not unreasonable to assume that on the average reasonably full employment of resources will be achieved within the framework of a stable level of prices and an adequate rate of growth. Even if we succeed largely in achieving these objectives, full employment will not necessarily be achieved each and every year.

The labor force is assumed to rise from about 73 million in the current year 1960 to about 103 million in the year 1980.

Average annual hours of work have tended to decline over the past 50 years at a rate of about 0.6% per year. A somewhat slower rate of decline in average annual hours of work over the next 20 years is assumed, or about 0.5% per year.

For these projections, the rate of capital accumulation has been assumed to be somewhat more modest than could reasonably be achieved but still consistent with the assumption that serious depression will be avoided, or about 2.7% a year. Consistent with this, the average age of the capital stock is assumed to decline almost imperceptibly or by about 0.1% per year—mostly as a result of a faster rate of growth of equipment than of plant.

These assumptions produce a rate of growth of potential gross national product in constant prices of about 4% per year. Since 1959 was about 7% below the potential for that year, the rate of growth from the actual output of 1959 would be higher than 4% per year.

If this projection should be realized, then, assuming prices to average the same as in 1949, the potential gross national product would rise from about $514 billion in 1959 to $532 billion in 1960, then to $1,175 billion in 1980.

The development of acceptable assumptions respecting the possible future growth of potential output under full employment conditions is a formidable assignment but to perform the equivalent task for the demand presents an even more difficult and hazardous assignment. Not only are there difficulties relating to the detection of trends in expenditures generated by changes in incomes, population, and relative prices, there is the further and more challenging task of dealing with the foreseeable fact that most of the goods and services which will be purchased by consumers, business, and government 20 years hence have no close counterpart at the present time.

Unless the international situation changes materially, it is assumed Federal expenditures on national defense programs will increase at a moderate rate—a safe assumption would be approximately $55 billion compared to the recent levels of about $45 billion. This assumes that, in spite of the increasing complexity and cost of major defense weapons systems, national defense expenditures can decline from recent levels of about 9 to 10% of the gross national product to about 5% or less in 20 years.

Civilian programs, which were about 1.8% of gross national product in 1959, are assumed to be only about 1.7% 20 years hence or perhaps $20 billion. This does not include transfers.

State and local government expenditures for goods and services, which have been running a little over 8% of gross national product, may increase in two decades to almost double their present share. For present purposes, the share is assumed to grow to about 14%, or about $165 billion by 1980.

Consumer expenditures are assumed to average about 67% of the gross national product by 1980 which would yield a total of $790 billion in terms of the 1959 price level or almost two-thirds again as much as the entire gross national product for last year. If realized, this would mean a rise in per capita consumption from $1,761 to $3,147, or an increase of 79%.

At the present time a 4% a year expansion in potential output for the economy as a whole requires an additional investment in business plant and equipment equivalent to about 3.7% of gross national product and replacement of old assets about 4.8% or a total of 8.5% of gross national product. By 1980 expansion of output at 4% per year would require investment of only about 3.1% of gross national product and replacement about 4.3% or a total of about 7.4% of potential output. On this basis, business expenditures for plant and equipment could be expected to rise from about $44 billion in 1959 to about $88 billion in 1980. In addition, the increase in the potential output would be accompanied by annual additions to inventories which is assumed to average about 0.5% of gross national product or about $6 billion per year.

If increases in residential building run in line with the expectation of most experts in the field of housing, then, in terms of 1959 prices, total expenditures could average about $46 billion per year or about 4% of gross national product by 1980.

I have assumed arbitrarily that net exports will be slightly under 0.5% a year—not far from recent past experience.

Submits Some Implications

The first implication of this analysis is that a 4% rate of growth is, after all, very conservative. In the past, the United States has been able to devote as much as 10 to 13% of the total gross national product to the replacement and expansion of the stock of private plant and equipment. The projections assume that by 1980 only about 7.5% will be so used if potential output rises at 4% per year.

Second, the problems of scarcity of savings about which there has been so much discussion in recent years, may not be as likely a future prospect if conditions work out along the lines outlined above. The potential cash flows to business and the flow of personal savings imply ample savings for all private demands.

If a surplus is maintained in the Federal budget (which under projected conditions would seem reasonable) and State and local governments do not finance too high a proportion of their annual outlays by borrowing, then the flow of savings should be adequate and, indeed, it would be not unexpected if interest rates more often tended to be weak than strong.

Finally, if the share of the Federal Government in gross national product declines, as here assumed, and the share of State and local governments rises, the potential contribution of total governmental receipts and expenditures to the automatic stabilization of the economy could be seriously impaired since their cyclical response to changing conditions mainly reflects Federal fiscal operations.

*An address by Mr. Knowles before the Annual Forecasting Conference of New York Chapter of the American Statistical Association, New York City. The author's remarks are his own and do not necessarily reflect the views of the Joint Economic Committee or its individual members.

Anderson With Smith, Barney & Co.

Smith, Barney & Co., 20 Broad Street, New York City, members of the New York Stock Exchange, announced that Edward E. Anderson, retired senior vice-president of Discount Corporation of New York, has become associated with the firm as a consultant.

Named Director

PHILADELPHIA, Pa.—George W. Betz has been elected to the board of directors of United Biscuit Co. of America, parent company of Keebler Biscuit Co. which has a large plant in North Philadelphia.

Mr. Betz who is associated with the Philadelphia office of Reynolds & Co., is a member of the Board of Directors of several companies, including the Harmonic Reed Corp. of Rosemont, Pennsylvania.

He is a lecturer in Finance and Investment at Drexel Institute of Technology in Philadelphia.

George Rath Opens

George H. Rath is engaging in a securities business from offices at 125 East Fiftieth Street, New York City, under the firm name of George H. Rath Company.

Lloyd Haas Forms Own Co.

Lloyd Haas & Company, Inc. has been formed with offices at 120 Liberty Street, New York City to act as dealers in stocks, bonds and commodities. Lloyd Haas is principal. He was formerly partner in Haas, Raymond & Co. and prior thereto security analyst Montgomery, Scott & Co., and Director of Research for Forbes Magazines' Special Situation Service. George Williams will be trader and sales manager for Lloyd Haas Company and Charles G. Stahl will be cashier.

Lloyd Haas

Form Rouse Securities

BALTIMORE, Md. — James W. Rouse Securities Co., Inc. has been formed with offices at 14 West Saratoga Street to engage in a securities business. Officers are James W. Rouse, President; Albert Keidel, Jr., Vice-President and Secretary; Churchill G. Carey, Vice-President and Treasurer; Lawrence P. Naylor III, Willard G. Rouse, and George M. Brady, Jr., Vice-Presidents; and George D. Stillson and Williams P. Fulton, Assistant Secretaries.

Where Should Investors Steer Their Portfolios?

By John P. Chase, Treasurer, Chase Distributors, Boston, Mass.

Mutual fund head reveals basic changes in the investment environment which have brought an end to the certainty of a "free ride" from an increase in the "appreciation" times earnings ratio. Mr. Chase recommends going after earnings prospects of firms whose stocks have not already discounted this in the P/E ratio; suggests four broad investment areas; and suggests that the average investor utilize skilled financial advice.

It is my opinion that a basic change is taking place in the over-all investment environment and list below 12 statements, without attempting here to elaborate on them, that indicate the basis for this conviction.

John P. Chase

(1) The United States is for the first time competing for its very economic existence in a One World Economy.

(2) The deferred demands of the postwar period have been largely met and we have passed from a sellers' market into a buyers' market, indicating the end of the postwar boom.

(3) Excess productive capacity exists in most U. S. basic industries.

(4) U. S. basic wage scales are some three times that of Western Europe, eight times that of Japan and perhaps ten times that of Russia.

(5) Many of our basic industries have become high-cost marginal producers in the world markets.

(6) The U. S. no longer has a monopoly on mass production techniques with which to offset higher wage scales.

(7) World raw material supplies are substantially in excess of effective world demand, resulting in declining world commodity prices.

(8) Our international trade position has been seriously weakened and our balance of payments position threatens our gold reserves and the relative value of the U. S. dollar.

(9) The U. S. is no longer master of its own destiny insofar as its ability to expand credit and lower interest rates is concerned. To do so could well precipitate a run on our gold reserves.

(10) The rate of economic growth in Western Europe, Russia, Australia and Japan exceeds that of the U. S. While our boom appears to have run its course, the economies of certain other nations appear to be at about the same stage in the economic cycle that we were ten years ago.

(11) We are entering a period where inflationary forces in this country appear likely to be quiescent for the time being, thus greatly reducing, if not eliminating, the psychological urge to "sell" money.

(12) We are in the process of changing gears between our postwar boom and our full-scale entry into a new technological era.

The need for reassessment of basic investment policies would seem to be further heightened by another factor. During the 50's the 425 companies making up the Standard & Poor's Industrial Stock Averages appreciated 286%, but the earnings of these same companies advanced only 27%, or at the rate of only 2.7% per annum. To put it another way, 90% of the appreciation was due to an upward revaluation of the times earnings ratio at which these 425 stocks sold. The 30 companies whose stocks constitute the Dow-Jones Industrial Averages did somewhat better, showing a 65% increase in earnings over the past ten years, but even here 73% of the appreciation in the Dow-Jones Industrial Averages was due to an increase in the times earnings ratio, with only 27% reflecting real earnings improvement.

This impressive "appreciation" in the times earnings ratio of all leading stocks may be attributed on the one hand to the noteworthy *increase* in the confidence factor as it applied to the improvement in the political climate and on the other hand to a noteworthy *decrease* in the confidence factor as it applied to the maintenance of the purchasing power of the dollar. These apparent contradictions actually had the same net result; namely, an investor preference for equities. Both these factors, however, would seem now to have run their course, which unquestionably is a major factor contributing to the deflation of an inflated stock market.

Thus, since no further "free ride" can be counted on from an increase in the times earnings ratio, it appears essential if a satisfactory investment result is to be attained to concentrate one's investment portfolio in the securities of those companies where a worthwhile increase in earnings appears in prospect and whose stocks have not already discounted such improvement in terms of the times earnings ratio at which they are selling. In this connection, it is essential to distinguish between growth in sales and growth in net earnings. Too much emphasis would seem to be placed by economists on volume statistics and not enough emphasis on the vital question of profits, for in the long run it is net profits and not sales volume which will determine the value of equities. Our analysis of the general business outlook remains favorable, insofar as the rate of activity is concerned, but the same cannot be said with respect to the maintenance of profit margins by many companies.

Draws Investment Conclusions

(A) For the conservative investor whose investment objective calls for as much emphasis being placed on income as on capital appreciation, it would seem wise to adopt a more balanced investment policy than has been profitable in the past decade. By this is meant more emphasis for the present should be put on fixed income bearing securities, where excellent income is currently available, and the stock section of the portfolio should be restricted to companies and industries whose current and near-term earnings prospects are not being capitalized on a high times earnings basis and whose earnings potential is not jeopardized by foreign competition or excess domestic capacity.

(B) For those who desire growth and are able to accept the risks inherent during a period of economic transition, without regard to current income, there still would appear to be a sound and reasonable investment policy that can be pursued with a marked degree of confidence of attaining successful investment results.

"Magic" Formula Ingredients

There would appear to be four broad areas offering investment attraction within the framework of the economic outlook which are discussed below. One relates to the investment opportunities emerging in the free world where definite advantages relating to production costs exist and industrialization is still in an early stage of development. The other three, which should provide the major portion of any portfolio, lie within the United States.

(1) Since the rate of economic growth in Western Europe, Australia, and Japan gives every indication of exceeding that of the U. S. A. and since production costs for most of their basic industries are well below ours, it would seem reasonable to seek investment representation in the basic industries in these areas.

One may well ask, however, are not the political, social, currency risks more than enough to offset the growth and competitive cost advantages? It is our considered opinion that this is not so.

(a) Should there be a war involving any of these areas, we as a nation are obligated by various treaties to become involved and no one can doubt that the U. S. A. would be the prime target of the enemy.

(b) Socialism in its more advanced form, which has resulted in nationalization of industries, appears to have lost heavily in public favor, as evidenced by the recent British election and Gaitskill's virtual repudiation of nationalization as a Labor Party objective. Sweden, which has been one of the most advanced Socialist States, has begun to question seriously the benefits of several of the more radical Socialist concepts. France has been turning the clock back and denationalizing as rapidly as possible. Germany has gone even further in not only returning government-owned industries to private control, but requiring ownership to be widely distributed so as to spread capitalism among the maximum number of citizens. Other examples could be given indicating that the trend is strongly away from nationalization and the extreme forms of socialism which impinge on private investments. This is the more significant since all these nations have had first-hand experience with these experiments and have, in effect, repudiated them.

(c) As for currency risks, it would seem obvious that at the present time, at least, the position of the U. S. dollar has become more precarious than that of the currencies of the other nations with which we are concerned. Again, this goes back to labor and production costs. The currency of any nation whose position in a one world economy is marginal, as the U. S. has become, has more cause to worry about currency depreciation than those nations whose costs are competitive.

(d) Lastly, the statistical information relating to leading foreign companies is rapidly becoming more easily obtainable and as the true financial position of many of those foreign companies is revealed, the investment values afforded will be better appreciated.

Other Investment Areas

(2) Since the rate of population growth and family formation in this country constitutes a powerful economic factor, particularly when coupled with steadily expanding consumer purchasing power, it would appear sound investment policy to focus attention on the stocks of companies falling in the broad field of consumer goods and services and of those which cater to leisure time activities, travel, highway construction, decentralization of population into suburbia, and the rapid expansion of demand by the teenage segment of the population which includes the explosive field of education. These all appear to be areas where the weakness of our world competitive position is not particularly worrisome and increasing consumer purchasing power should be effective.

(3) Since change is the ever present characteristic of any dynamic economy, it is only to be expected that while certain industries and companies are showing strong growth trends, others are deteriorating, perhaps never to rise again, while still others which have fallen from a position of prominence may, by virtue of the development of new policies and products and even the injection of new management, accomplish a recovery of exciting proportions. Normally such companies tend to emerge from a depressed period tarred with a big brush of prejudice in the minds of investors. Thus, outstanding values often can be found among this type company that is in process of being "rehabilitated."

(4) Since enormous sums of money are being spent on research—$9 billion in 1959 and $15 billion estimated within five years—and since the effect of research dollars tends to be cumulative, requiring on the average seven years before commercial exploitation is fully realized—the explosive build-up currently taking place within this country gives indications of virtually blasting our economy off into the new technological era. In the process of doing so however it must be recognized that the rate of obsolescence is accelerated to the detriment of old products and processes; thus further underlining the need of concentrating on the stocks of companies with forward looking managements and able research.

If one is willing to accept the dynamic growth potential that appears assured in the broad field of technology, then the question narrows down as to how, from an investor's angle, one can best participate. The method that we feel entails the smallest over-all risk in relation to potentialities is to purchase a cross-section of small to middle-sized companies that are deemed to be leaders in their respective fields.

In summary it is believed that the investment "sails" that will prove most effective, in relation to the new Trade Winds that are blowing today, are to be found in the four broad categories discussed above. The setting and trimming of these sails, however, by their very nature, requires the services of specially trained research personnel, broad contacts, experienced field analysts and sound technical advice. These tools are not generally available to the average investor. Thus, management that has demonstrated it is in tune with this investment concept would appear to provide the navigational competence required for the application of this "magic" formula.

Named Director

Arthur L. Carter, general partner in the investment firm of Carter, Berlind, Potoma & Weill, members of the New York Stock Exchange, has been elected to the Board of Directors of Tapeswitch Corporation of America, patented electronic control manufacturers of New Cambria Heights, N. Y.

The Implacable Demand for Specialty Metals for the '60s

By Dr. Frank H. Driggs, President, Fansteel Metallurgical Corp., North Chicago, Ill.*

"Specialty metals" will show the greatest percentage growth of all metals, either ferrous or nonferrous, is Dr. Drigg's prediction. Though keeping his analysis objective by treating "specialty metals" as a group, the metallurgist names the no longer obscure metals that will be important in four future areas of large scale development to illustrate their inexorable growing importance. Moreover, the metals referred to are confined to those in commercial production, and attention is directed to the fact that their advantage depends on their over-all cost and not upon a cost per pound comparison with competitive substitutes.

Since these remarks are made before a group of financial analysts I will attempt to direct my remarks toward the commercial aspects of the metals which I will discuss, rather than to their romantic or exotic characteristics. However, I suspect that the romance of a rapidly growing industry appeals to investors almost as much as a torrid love story would to a group of adolescent maidens.

Dr. Frank H. Driggs

I am also aware that security analysts are intensely interested in forecasts. I will thus attempt to gain immediate attention by forecasting that the so-called "specialty metals" will, in my opinion, show the greatest percentage of growth of all metals, either ferrous or nonferrous, in the coming decade of the '60s.

By the term "specialty metals" as used in this particular paper, we refer to those elementary metals which are either relatively new or have not to date attained any large scale or general commercial importance. They have variously been referred to as rare, exotic, unusual, little known, refractory and various other terms. Actually they number some 20 to 30 elements altogether and some are probably destined to remain obscure for a few more years. In my discussion I shall mention only a few of the better known ones whose immediate future growth seems assured.

Also being aware of the limitations imposed by the SEC and the New York Stock Exchange, let me hasten to add that I am speaking solely as an individual and not as the manufacturing representative of any particular metal or metals, and I am considering the "specialty metals" as a group and not any particular metal or any particular company presently engaged in that industry.

I will, in addition, try to present a few reasons and fundamental considerations which I hope will make the above prediction seem more reasonable and plausible.

Four Areas of New Development

In the first place, I think we are all fairly well agreed that the 1960's will be characterized by a large scale development and growth in the following areas:

(1) Atomic energy
(2) Supersonic travel
(3) Missiles and satellites
(4) Interlunar travel

If we can assume that a substantial, if not phenomenal, growth and development will occur in the above areas, it must be pointed out that successful operation and development will demand:

(1) Properties and characteristics which are not available at present among the more prosaic metals, or

(2) A higher order of magnitude in respect to these properties and characteristics than are presently exhibited by the better known metals and materials.

To better illustrate this point, I would like to outline a number of characteristics of metals or materials which will be required to insure the successful development and growth in these areas.

Having the list of characteristics and properties which are considered essential to assure the successful growth and development in these areas we will now list those metals which possess these required properties to the greatest extent or to the highest degree (see accompanying table).

Metals Possessing Physical and Chemical Properties Essential for Utilization in Fields of Atomic Energy; Supersonic Travel; Missiles and Satellites, and Interlunar Travel:

Zirconium, Columbium: Low neutron capture cross section and high melting point.

Zirconium, Columbium, Tantalum: Corrosion resistance at high temperatures.

Tungsten, Tantalum, Columbium, Molybdenum: Strength at high temperatures.

Hafnium: High neutron capture cross section and high melting point.

Uranium, Tungsten: High shielding properties.

Uranium, Tungsten, Tantalum: High density.

Beryllium, Titanium: Low weight to strength ratio.

Tantalum, Silicon, Germanium: Electronic properties contributing to miniaturization.

Alloys of Tungsten, Tantalum, Molybdenum, Columbium and coated specimens of same: Resistance to deformation, erosion and oxidation at high temperatures.

Beryllium: Low density.

New Cost Appraisal Standards

An examination of the table indicates that it is composed entirely of metals belonging to our so-called "specialty metals." It may also be noted that all metals in this list are presently available in commercial quantities from production facilities already existent. From this point on, their increased utilization for the above applications will depend to some extent upon their availability, price and other practical economic considerations. Please note that I say the use of these metals will depend **"to some extent on price and other economic considerations."** However, this should not be interpreted to indicate that these metals must compete on a price per pound basis with the commoner industrial metals of today. The over-all cost of attaining the over-all objective must be the determining factor. To better illustrate this point, let me cite a few examples:

Tungsten and uranium are two of the best and most efficient shielding materials known as a protection against atomic radiation. On the other hand, ordinary concrete, if the wall or shield is of sufficient thickness, will serve just as satisfactorily. If, however, we were shielding personnel from atomic radiation in a nuclear powered aircraft, it would obviously not be feasible to utilize the added weight required in concrete for this purpose, no matter what the specific saving or cost over the use of a more efficient shielding material.

As another example, the metal beryllium is used in housings for structural parts in missiles and satellites even though it is more expensive than aluminum or other light weight materials. However, the favorable weight-strength ratio of beryllium is such that the weight saving obtained, even at a higher cost, can be more than compensated for in the added range or speed obtained with the same fuel load.

Similar illustrations could be cited for all of the metals which have been listed above. They all possess one common characteristic; namely, they represent the ultimate in certain desirable physical, chemical or electronic properties, or a combination of these properties, which are not only important but essential in the successful full scale development of these new fields.

Unlimited Areas of Development

It should be distinctly understood and emphasized that large scale growth and development during the 60's will not be limited to the four areas mentioned above, and it also should be emphasized that the "specialty metals" will find applications of major importance in other growth fields, such as electronics, direct conversion of heat to electric power, chemical industry, corrosion resistant applications, and many others. Only time and lack of specific knowledge prevents a more complete outline of the growth potentialities in many other areas and the part the "specialty metals" will play in their development. Many of these potential applications are classified. The illustrations used have been limited to those which are more obvious and easily understood. If I were a fatalist instead of a scientist of sorts, I would say that every element in the periodic table had been placed upon this earth for a purpose and that it only remains for us to discover that purpose. I am almost convinced of that when we consider the present demand for hafnium—an element discovered only 35 years ago and unused up to 10 short years ago.

While in the throes of forecasting fever, I will also risk the usual fate of forecasters by stating that advances and growth in the above areas during the next decade will exceed by many times the total growth and development to date in these same areas since their inception. The pace of technological development is constantly increasing. Seventy-five years elapsed between Faraday's discovery of the force generated by an electric current in a magnetic field and the development of a practical motor or generator. Twenty-five years elapsed between the Wright Brothers' heavier-than-air flight and commercial aviation.

Missiles, satellites and supersonic travel are products of the 50's. This time they should mature in the 60's. I seriously doubt that the term "specialty metals" would be appropriate for a discussion of these metals ten years hence.

*An address by Dr. Driggs before the Nonferrous Metals Forum of the Annual Convention of the National Federation of Financial Analysts Societies, New York City, on May 17, 1960.

Carpenter Now With Goodbody

Goodbody & Co., members of the New York Stock Exchange and other leading security and commodity exchanges, has announced that Laurence E. Carpenter, Jr., is now associated with the firm in an administrative post at the home office, 2 Broadway.

Prior to joining Goodbody, Mr. Carpenter was employed in the Member Firms Department of the New York Stock Exchange.

Greene Co. Chicago Wire

Greene and Company, 37 Wall Street, New York City, announce the installation of a direct wire to First Securities Company of Chicago, 134 South La Salle Street, Chicago, members of the Midwest Stock Exchange.

Irving A. Greene

Greene and Company now has direct wires to Dallas, Denver, Los Angeles and San Francisco as well as to Chicago.

Bellemore With M. K. Mellott

Dr. Douglas H. Bellemore, Professor of Finance at the Graduate School of Business Administration of New York University, has become consulting economist to the New York organization of M. K. Mellott Company, advisors in financial community relations. Dr. Bellemore was formerly consulting economist for Tucker, Anthony & R. L. Day.

With Milwaukee Co.

(Special to The Financial Chronicle)

MADISON, Wis. — Emmett P. Smith has become associated with the Milwaukee Company, First National Bank Building. Mr. Smith for the past 17 years has been associated with the First National Bank of Madison in the Trust Department.

Inside Story of the Ups And Downs of British Stocks

By Paul Einzig

The recent weeks' incongruous effect of favorable production and employment news upon the London Stock Exchange, which has been just as likely to cause a fall in equities as a rise, is one of the developments occurring in Britain that Dr. Einzig explains. In addition, the economics writer measures the possible effect upon Throgmorton Street of the various disinflationary moves the Government is likely to pursue in order to continue the price stability record of the past two years. The measures considered include pruning Government spending, higher bank rate and credit squeeze, and further cut in Customs tariffs.

LONDON, England—The London Stock Exchange seems to be quite incapable of making up its collective mind whether the publication of favorable advices about British business conditions and prospects is a Good Thing or a Bad Thing. On the face of it this may sound absurd. But anyone who has followed closely the ups and downs of British equities during the last fortnight of May and the beginning of June would agree that the answer is far from simple and obvious.

Until a few months ago any favorable reports about increased production, employment and consumption, such as appeared again and again in recent months, would have stimulated the Stock Exchange boom. Today they are as likely to cause a fall in equities as a rise. Sometimes investors and speculators receive the good news in an optimistic frame of mind and their anticipation of expanding profits and higher dividends puts up the prices of equities. On other occasions, however, they can only see the other side of the picture. They visualize drastic Government measures to kill the inflationary boom. Hence the ups and downs of equities.

The Stock Exchange has more or less arrived at the conclusion that the Government is really determined this time to prevent inflation even at the cost of causing a setback in business activity. The cost of living index has now been stable for two full years. Nobody would have thought this possible two years ago. As month after month during the second half of 1958 and the first half of 1959 the index showed no change, more and more people felt increasingly that this was too good to last. Yet it has been going on for two years. Of course, the Government claims credit for it as the result of the drastic disinflationary policy inaugurated in 1957 and continued in 1958. The Opposition, on the other hand, attributes it to sheer luck in the form of low prices in raw material producing countries, fall in production costs due to technological progress, etc. To which a Minister retorted recently that anyhow, even if that was the case, the country likes a government that is lucky. The Labour Government of 1945 had admittedly a run of bad luck—at any rate there was always an excuse for having to adopt unpopular measures or being unable to adopt sufficiently popular measures. But even the most convincing explanation attributing economic difficulties to Acts of God (or to Acts of the Devil?) did not speak as eloquently as the obvious increase of prosperity under the Conservative Government. It may be the difficulties of 1945-51 were not the fault of the Socialists. It may be the good times of 1952-60 have not been the achievement of the Tories. To most people the facts of results are more important than their explanations.

Government May Cut-Back Spending

If as a result of disinflationary measures there should be a marked setback, the British electorate is not likely to accept the explanation that these measures had become necessary through no faults of the Government. For one thing, there is growing public interest in the nonstop expansion of Government spending as one of the causes of inflation. Thanks to this, the Government is likely to resist further increase of expenditure seriously, as an alternative to adopting drastic disinflationary measures. There might even be some cuts, and there is certain to be a closer scrutiny of administrative extravagance. Parliament is at last beginning to take its task of controlling the public purse seriously.

If inflation should be resisted by such means, there is no reason to take a gloomy view of equities, even though certain industries may be directly affected. On the other hand, there is another alternative to higher Bank rate and credit squeeze—the reduction of Customs tariffs—which is liable to affect quite a wide range of equities. Even so, it now seems more than possible that the Government will resort to that disinflationary device. Instead of penalizing all industries more or less indiscriminately by means of high interest rates and credit squeeze, the return to Free Trade would only penalize industries which are not competitive. But since it is difficult at this stage to foresee which industries are likely to be affected, the markets are inclined to take a pessimistic view about Free Trade.

The Government hopes to be able to continue to resist an increase in the cost of living index, in spite of the rising trend of wages, by enforcing cuts in prices as a result of admitting more goods from overseas by means of tariff cuts. This would compel the industries affected to use their technological progress for lowering their prices and accepting a lower profit margin instead of distributing the benefit of technological progress in the form of higher wages and dividends. To many firms it will be a painful process. Some of them may have to go out of business or curtail their output. But with unemployment down to 1½% there can be no doubt that dismissed workers would be able to find alternative employment. Indeed, the scarcity of labor which is developing in the expanding industries will be remedied through the enforced release of manpower by the industries whose costs are above those of their foreign competitors.

This process may affect some equities considerably. But it need not affect the whole market. Indeed, since it obviates the need for deflation, it would enable most industries to expand with impunity. And it must be remembered that some industries at any rate will actually benefit by reciprocal tariff cuts.

Federal Transfer Tax Hike Strongly Opposed by IBA

Strong oppositional arguments are voiced against Congressional proposal to saddle investors with additional tax fees. Mr. Pratt conservatively estimates investors already pay directly $36 million for an SEC operation of $8.9 million—the ostensible purpose of the bill—which doesn't include double taxation of corporate revenue; does not construe this as a step to encourage savers to invest; and analogously compares SEC services with those of police and fire in urging that the cost of SEC be met from the general tax fund and not from the beneficiaries involved.

Protesting against H. R. 6294, which would increase the securities transaction tax by 150% on organized exchanges and extend this tax to over-the-counter sales and transfers, Mr. Albert Pratt told a House Subcommittee this week that the Bill it is considering would grievously hit investors without accomplishing the purpose of the proposed legislation. Mr. Pratt is Chairman of the Investment Bankers Association's Federal Securities Acts Committee and is a partner of Paine, Webber, Jackson & Curtis, Boston, Mass.

Albert Pratt

In representing the IBA in his appearance before the House of Representative's Subcommittee on Commerce and Finance, Interstate and Foreign Commerce Committee, in Washington, D. C., last June 6, Mr. Pratt called for repeal of the present Section 31 of the SEC Act of 1934—which is the basis for the proposed amendment to garnish more funds for the costs of the SEC's operations — after showing that its revenue - raising purpose is unnecessary and inequitable.

The text of Mr. Pratt's statement to the House Subcommittee follows:

Present Section 31 of the Securities Exchange Act of 1934, as amended, provides that every national securities exchange shall pay to the Commission on or before March 15 of each calendar year a registration fee for the privilege of doing business as a national securities exchange during the preceding calendar year or any part thereof. Such fee shall be in an amount equal to one five-hundredths of 1 per centum (2c per $1,000) of the aggregate dollar amount of the sales of securities (other than certain U. S. Government securities) transacted on such national securities exchange during the preceding calendar year and subsequent to its registration as a national securities exchange.

Opposes Increase and New Subsection's Fee

H. R. 6294, which is before the Subcommittee for consideration, would increase the present exchange registration fee from one five-hundredths of 1 per centum (2c per $1,000 to one two-hundreths of 1 per centum (5c per $1,000).

H.R. 6294 would also add a new subsection to Section 31 which would require every registered broker or dealer to pay to the Commission on or before April 15 of each calendar year a registration fee for the privilege of doing business as a registered broker or dealer during the preceding calendar year or any part thereof. Such fee would be in an amount equal to one two-hundredths of 1 per centum (5c per $1,000) of the aggregate dollar amount of the price of securities (other than certain U. S. Government securities and certain state and municipal securities) sold as a broker or dealer otherwise than on a national securities exchange during the preceding calendar year and subsequent to registration as a broker or dealer.

H.R. 6294 would also require the exchanges and registered brokers and dealers to make such reports as the Commission by its rules and regulations may prescribe as necessary or appropriate to carry out the purpose of this section.

H.R. 6294 is identical with S. 2520, which was introduced on Aug. 9, 1957 in the 85th Congress, First Session, and which was favorably reported (without hearings) by the Senate Committee on Banking and Currency in Report No. 605 on July 11, 1957. S. 2520 was passed by the Senate, but no hearings on this matter were held by the House Committee in the 85th Congress, and the proposal was not enacted into law.

Senate Report No. 605, 85th Congress, First Session, is, however, helpful in pointing up the purpose of this proposal and some of the problems which arise thereunder.

Tax Hits Customers of Listed and Unlisted Exchanges

It is clear that the purpose of this proposal is to provide revenue to the Treasury to cover more of the costs of the SEC's operations. Although current SEC fees provided by law and the additional fees proposed by this bill are paid to the SEC, they are deposited in the general fund of the Treasury and are not available for expenditure directly by the SEC.

Current fees paid by the exchanges under Section 31 of the Exchange Act are passed on to customers of exchange members and are actually paid by them. Senate Report No. 605 indicates that the proposed fees to be paid by broker-dealers for transactions in the over-the-counter market are to be treated similarly.

It is important, therefore, to bear in mind throughout all these discussions that what we are **really** talking about is not a registration fee on broker-dealers for the privilege of doing business, but an additional transfer tax on sales on exchanges and in the over-the-counter market.

Before stating our basic reasons for opposing this proposal, we should first like to make several observations of a general nature about the bill and what it would do.

Cites Administrative Difficulties and Added Expense

First of all (and I am directing my attention here to the over-the-counter proposal), it would obviously make for greater business expense for our members, even though the transfer tax would be paid by our customers. It must be obvious that the mere chore of computing 1/200ths of 1% of the amount of each over-the-counter transaction, and making the necessary records thereof, would be bothersome and expensive; and this would, of course, be a deductible expense item of doing business.

We should like to point out also that the pattern of business differs greatly on the exchanges and in the over-the-counter market. On exchanges the normal opera-

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What Does the Analyst of Securities Want to Know?

By R. B. Johnson,* *Analyst, Schwabacher & Co., San Francisco, Calif.*

A behind the scenes briefing on what an analyst wants to learn, prior to and in making an on-the-spot analysis of a company's operations and management, is provided here for the benefit of those in management. Investors, too, should find here a profitable insight as to what analysts need to know in order to ascertain a company's prospects and relative value of its securities. Mr. Johnson explains what a "special sheet" is and its use in the initial study preparatory to the actual visitation; points out what a qualitative analysis of management consists of—one of the most important considerations; and delineates ways earnings per share may be made larger or smaller than they should be. In the latter, he deals with the significance of being able to compare such non-uniformly treated items in an income account as non-recurring profits and losses, operations of subsidiaries or affiliates, and inventory, depletion and depreciation reserves to get a true picture of a company's operating results.

Before attempting to discuss just what a security analyst wants to know—let's make sure we understand what the security analyst is attempting to do and, in fact, why he has come to meet management and why he wants to see their plant in operation.


R. B. Johnson

In most simple terms: a security analyst attempts to distinguish between the thousands of companies whose securities are offered for sale in the market and to determine which may represent true value—or real investment opportunity. And this, I realize, connotes almost as great a risk as a strapless evening gown on Katharine Hepburn.

So, when a security analyst comes to visit he wants to obtain information but, perhaps even more important, he will formulate *opinions* based upon *impressions*—impressions received beginning with the moment that he first planned his trip.

Yes, that is true. If an analyst discovers in plotting an itinerary around the country to call on various companies that one company, for example, may be relatively inaccessible insofar as transportation is concerned—this makes an impression. And please don't misunderstand me, the impression made in no way results from any minor inconvenience experienced by the analyst in getting to a plant. This would be like the late Errol Flynn resenting the inconvenience of Beverly Aadland's age. Rather, the inference which he may draw is with respect to the possibility of transportation difficulties which might be encountered in getting raw materials to the plant and finished products from it.

Before I forget it let me suggest one other point right here: Even before planning his trip to a plant an analyst will receive a preliminary impression of the company when he telephones to arrange an appointment. This is a trivial point, it's true, but it's just one of a series of smaller points upon which an analyst bases his inferences as to the relative attractiveness of a company.

The impression I am talking about is, of course, that made by the *telephone operator.*

Now, let's get into the subject of what a security analyst wants to know. In attempting to determine the possible relative value of a company's securities, an analyst might prepare an initial study of the company. Such a study might be based upon a review of the annual reports published for several years in the past, together with an examination of the information and material to be found in typical investment statistical manuals or services.

The Initial Quantitative Study

This part of analysis, for want of a better term, might be called *quantitative.* Such a term, however, is relative—it's subjective—depending upon one's point of view. For example, some people feel that Brigitte Bardot wears dresses that are cut too low, others feel that Miss Bardot is merely "built too high." Thus quantitative considerations, as you can see, depend upon one's viewpoint.

As an illustration of one of the steps involved in a quantitative analysis, our Research Department has prepared a *"spread sheet"* on companies in the petroleum industry. We have reproduced this spread sheet and copies may be obtained from our firm. This is in the form of a folder entitled, "An Analyst Looks At Equities."

This is a typical, basic study of the kind prepared by, and used by, many analysts. It is helpful in attempting to compare, statistically, several companies within a given industry. Please do not attach any particular significance to the fact that this one deals with the petroleum industry. Similar spread sheets are prepared on the steel industry, the chemical industry, the drug industry, etc.

Also, note that at the top of the vertical columns, instead of company names there are numbers: 1, 2, 3, etc. While I am not in any way attempting to disguise the identity of these companies, at the same time I didn't wish to appear to be "holding forth" for any individual company. This should be construed, after all, as only an illustration of one type of method employed by many analysts. We should view it then as educational—not promotional.

Nevertheless by means of such a spread sheet an analyst is able to examine—before he ever calls and asks for an appointment to come and visit a plant—the history or record of operations of the company as they compare with many of its competitors in the same industry.

We have compared, statistically, 11 companies. They are divided initially as to international, crude producer and integrated companies. Thus, in comparing one company with another let's restrict such comparisons to companies within the same category, i.e. international with international—crude producer with crude producer—and integrated with integrated.

Examines "Spread Sheets" Criteria

And—before I get too far along—let me suggest also that when examining a spread sheet of this type one should always read the columns horizontally—rather than vertically.

"Sales," of course, is one of the first things that "an analyst wants to know." In addition to the most recent year's figures, sales results for the preceding five years are also shown.

Please, note the line entitled *"Per cent change"* which, can be quite significant. For example, looking at the four international companies we see that Company One, over the period from 1955 through 1959, has succeeded in increasing sales 25.5%. Company Two has increased sales 26.2%. Company Three, 51.5%, and Company Four, 22.5%.

Thus it might appear that in *this* criterion, Company Three has enjoyed the greatest percentage increase in sales over the past five years of any of the internationals compared.

Our next criterion is *"Pre-Tax Income."* Speaking of taxes—that old adage that you can't take it with you doesn't bother us anymore, now we only wonder how to keep it while we are here. But, in our schedule of pre-tax income, again we have used not only the most recent year's figures but also figures for the past five years and, again, the line per cent change from 1955 through 1959. These figures indicate, for Companies One through Four: plus 16.9%, minus 9.8%, plus 25.1% and minus 3.2%.

Thus, we see that Company Three would appear to have succeeded in recording a greater percentage increase in pre-tax income than any of the other three companies with which it is compared.

Our next criterion is *"Pre-Tax Profit Margin."* Here we do not see as wide a variation between the four companies. In this consideration, however, Company Four appears to have the best pre-tax margin for last year—to wit: 18%.

The next criterion is *"Net Income"*—again using the past five year figures together with a per cent change for that period. Here we see Company One recorded a 9.7% increase during the past five years. Company Two suffered an 11.2% decline, Company Three a 34.9% gain and Company Four a 9.7% gain.

Thus, again, we see that Company Three appears to have registered the largest gain over the past five years.

On the basis of our next criterion—*"Earnings Per Share"*—Company Three appears to have relatively out-distanced its competitors. Following the line "Per cent change" from 1955 to 1959 for the four companies we see: a 10.5% decline, an 18.8% decline, a 26.9% *increase* and a 9.6% increase.

Our next criterion is *Price/Earnings Ratio* and figures are given for the last five years. The prices used in computing this ratio are the prices at the end of the year. For the most recent year—1959—we see ratios of 11; 16.9; 14.6; and 12.5.

Under the next heading *"Price—Year End"* we compare the percentage change in market price from 1955 through 1959. Here we see Company One with a 31% increase, Company Two a 2% decline, Company Three a 41% increase and Company Four a 10.4% increase.

Thus one might infer that Company Three, at least over the past five years, has shown a greater percentage increase in market price per share at year-end than the three other companies with which it is compared.

The next comparison reveals the *price range* over the past five years.

Next, we see the *dividends* per share paid over the past five years. In addition we see the per cent change in the dividends paid during this same period.

Our next criterion indicates the *Per Cent Yield* obtainable on the shares for each company during the past five years.

The final two criteria on this spread sheet are among the most important — and the most significant: *Cash Flow* (per share) and *Price/Cash Flow.*

For many years earnings per share have been considered by many to be of great significance in attempting to compare one company with another, or in fact to compare one company's current results with its past operating record.

Petroleum analysts especially, however, have long recognized the greater significance of the *cash flow* criterion. While cash flow is an important measurement in many different industries it is of *particular* significance in comparing companies within the petroleum industry.

Cash flow — as many know — includes not only net earnings but also depreciation charges and depletion allowances as well as amounts charged to amortization.

Now, comparing our cash flow figures for the year 1959 we see that Company One realized $8.24 per share, Company Two $5.35, Company Three $10.48, and Company Four $6.24.

In our final criterion, *Price/Cash Flow*—again looking at the year 1959—we see that shares of Company One were available at a ratio of 5.4, Company Two 9.3, Company Three 8.2, and Company Four 8.1.

There, briefly and quickly I have attempted to hit only the high points covered on a recently prepared typical spread sheet. I hope that this quick rundown will give an idea as to some of the things that "analysts want to know."

I have covered only the companies in the international group—and these very quickly. Those who send for this particular spread sheet may wish to look over and compare some of the companies in the crude producer group and in the integrated group. It should be of interest.

These then are what we might call quantitative points of analysis.

Let's now turn for a moment and examine what I choose to call *qualitative* considerations. And at this point, I should like to suggest that, in my personal opinion, qualitative considerations are, at once, the most difficult to analyze and the most significant.

Qualitative Importance of Management

To me the most important—and the most significant—of qualitative considerations is: *Management.*

I personally feel that an analysis of a company's management, more than any other single consideration, holds the key to whether the securities of that company may represent a real investment opportunity or not.

Management, in my opinion, is the clue to the probable success

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Why Make Use of Mortgage Banker Representation?

By Walter C. Nelson, Former President, Mortgage Bankers Assn.; President, Eberhardt Mortgage Co., Minneapolis, Minn.*

A vigorously stated case for mortgage bankers' services is made by that industry's spokesman to savings bankers. He does not take lightly efforts made to bypass or eliminate their services; reviews improving trend in what they have to offer; and castigates the thought that mortgage banking is a "dying effort." Mr. Nelson details mutual needs and interest of savings and mortgage banking industries, and supports interstate investments in mortgages

In a relatively short time, about 20 years, we have seen the mortgage banking business grow into a dynamic industry with representatives in all of the major population centers. During this period we have seen our Association membership increase to more than 2,000 firms. It has in its membership all of the major financial institutions that are concerned with the originating and investing in real estate loans. Many savings bankers are very active members in MBA and find it an excellent organization to help develop their necessary contacts and programs for their bank.

Walter C. Nelson

I recall the early 1940's when I first began my activities in MBA. At that time we were just beginning to feel the need for closer working relationships on a national basis not only with our investors, but with other mortgage banking firms. We were all seeking advice and guidance to properly organize and prepare ourselves for the tremendous boom in real estate financing that developed after World War II. To illustrate the almost "horse and buggy" era of mortgage banking of that period, I would like to recall one of my earlier experiences in program participation.

On two or three different conference or clinic programs I talked on the advantages of manual bookkeeping as opposed to the new machine bookkeeping techniques that were being developed for mortgage bankers. We were actually serious in our discussions because there was a serious doubt in the minds of some of the mortgage bankers that growth would be rapid enough to warrant the expenditure in both money and time to learn machine operating techniques. It hardly seems possible that a short 20 years ago we could have been so blind to the progress that would be made.

I remember also the first appearance of Fred Cordes on one of our programs to describe a new plan being considered by the Bowery Savings Bank known then by the almost unheard of term "single debit—single credit." Hardly anyone in the audience had any idea of what he was talking about as he described the suggested procedures.

Our association has followed a regular program of education and information type meetings. Conferences, clinics, servicing clinics, seminars for educators, economic studies, have all occupied a major part of the attention of our officers and staff people. The educational programs have done a great deal to help investor and mortgage banker alike to keep abreast of the new ideas that are needed to develop in this rapidly growing business. I have heard it frequently said by bankers, both commercial and mutual savings, that MBA is the best source of information on mortgage lending for all of its various types of members.

Protests Circumventing Mortgage Bankers

Recently we have seen new proposals and practices suggested and tried by some of the mutual savings banks that suggest they consider the mortgage banker to be a middleman type of operation that can be bypassed or eliminated. I refer particularly to the widening of the territory being served directly from New York City even to the extent of going into other states not contiguous to New York. Naturally we mortgage bankers don't like this new type of competition and certainly must do everything we can to develop our services in order to provide the kind of representation that we think only our form of companies can give.

Fortunately, as is true in most situations, the needs and desires of all investing banks cannot be carried on in the same manner. As the smaller banks continue to grow and the need for higher yields continues, mortgage bankers in money scarce areas will continue to perform as representatives in the field of mortgage origination and servicing. I recall a talk that one of our former past-presidents, Brown Whatley, gave to the New York State Association of Savings Bankers in which he also commented upon the advantages to be found in extending mortgage loan investment field to other states through the wider use of mortgage banker facilities. We know that occasionally legislators will suggest the enactment of legislation that would curtail savings banks' widespread lending activities. Certainly from the broader point of view this might be classed as a provincial attitude. The savers concentrated in the East and Northeast are better served by the use of their savings in other areas of the country where development is so rapid that capital must be imported to serve their needs. It's almost like keeping the iron ore in Minnesota instead of shipping it East to the steel mills. Neither plan makes much sense. Mortgage bankers and their association staff have given strong leadership in Washington and in the legislatures of various states to help develop better legislation for mortgage lending.

Through our leadership the foreclosure laws of various states have been amended to bring them more in line with urban living as compared to rural or farm lending legislation. I feel that in this field there is a great deal more to be done. Naturally as more states make changes in their laws to facilitate the handling of mortgage loans, it becomes easier to have additional states consider necessary amendments to remain attractive to the very necessary out-of-state investor. We must continue to keep in mind that the competition for the investment dollar will remain for a long time. We must develop our laws nationwide on a basis that will give the real estate borrower at least equal opportunity for the available funds with every other type of borrower.

Other Examples of Cooperative Efforts

Another example of the importance of our group work was the assistance we gave to life insurance companies for consideration of changes in laws affecting the percentage of loan to value limitations. At times it seemed that we would never get this idea beyond the talking stage, but finally action was taken in New York State and as a result many other states have or will follow. This is an important competitive factor for the mortgage man.

We have joined with savings leaders and those of other lending institutions to promote the right kind of Federal housing legislation. Admittedly, as you look at some of the legislation that has been passed from time to time there appears to be some political areas in which we have had little or no influence. But I suppose the picture could be much worse if we had not strongly opposed some of the schemes that have been advanced.

Most bankers are familiar with and participate in our various Schools of Mortgage Banking at Northwestern and Stanford Universities. Certainly our Senior Executives Conference at New York University and Southern Methodist have added a great deal to the economic knowledge of the mortgage lending fraternity. And now we are embarking on another new educational adventure. This is our correspondence course for clerical and office personnel. This is intended to help train those people in our offices who do not have the opportunity to leave their jobs to attend our regular schools. I am sure that this will have a strong impact in the various mortgage banker offices throughout the country as this program spreads and develops.

* * *

Many savings bankers have participated in our various educational and legislative efforts by lending more than normal support. In addition, as they have traveled throughout the country, and as their auditors have visited our offices, we as mortgage bankers have benefited by the advice and assistance they have given us.

Because of their broad look at the entire field of mortgage banking, many are in a position to educate the mortgage banker well beyond his ability to do so himself. This is indeed the advantage of cooperative effort between the orginator and the investor.

I recall a challenge issued by one of the Mutual Savings Banks Association's past presidents to mortgage bankers. He asked that we do more to meet the needs of our investors, improve servicing techniques, methods of reporting, increase our ability to warehouse loans, make immediate deliveries strengthen our asset position, and generally stabilize the mortgage banking business.

We know that bankers frequently need investments quickly and must have the opportunity to buy mortgages out of warehouse accounts established by mortgage bankers throughout the country. As our mortgage banking firms have grown in assets and prestige, commercial banks have developed better and more elastic lending policies to suit our requirements. Certainly this is paying off for savings and our other investors. Interim and warehousing of mortgages have come a long way in the past dozen years. We can confidently expect new developments in the future to become even more favorable for the ease of handling and completing loans.

Solicits Continued Help

Savings bank investors must continue to help us develop these opportunities. Standby agreements from various types of lenders have proven to be a boon to the mortgage banker. Certainly it has been an excellent source of profit to many lending institutions that have been willing to venture into the standby market.

The problem of tight money is an all important factor in our borrowing capacity with commercial banks. As I visit with mortgage bankers throughout the country I find problems concerning the need for more flexibility in the ability to secure funds for construction loans, warehousing, and interim financing. Naturally we must try to improve our net worth position as rapidly as possible and maintain an almost liquid position with respect to these assets. We certainly are conscious of the importance of the growth of our commercial banks also. With the widespread purchase of short term governments and treasury bills we find our banker isn't growing fast enough to meet all the demands being placed on him for loans. Maybe this situation will see some improvement if the government can operate within its budget and not resort to extra heavy borrowing as was true in 1959. These and other similar "economic facts of life" must be understood and watched by us all.

Balances in Commercial Banks

One of the strong factors for the mortgage banker in discussing lines of credit with his commercial banker is the compensating balance position created by large escrow collections. A few years ago some investors began drawing back into their own accounts sums they considered to be in excess from the standpoint of trust fund deposits in the respective communities served by the mortgage banker. This trend was helped somewhat by the fact that FNMA was following this procedure. I am happy to report that this practice did not gain growth when investors understood that it was detrimental to the best interest of building a strong mortgage banker-commercial bank relationship. There are some indications at present that FNMA may change its position and in that way those of us that service for them would have added balances in our local banks.

Many in the mutual savings bank field must and do maintain rather large accounts in many commercial banks. Certainly this is a plus factor that can be of assistance if the mortgage banker representing a saving bank is using that bank for some of its credit lines. In my own experience I have been able to get some of our investors to make deposits in banks cooperating with us because of our indication of the benefit that would accrue to us.

The payment for mortgages to the mortgage banker at the time of delivery of the papers is a field that more investors can afford to study and improve. We need the money and savings bankers need the investment. (Or at least they did.) Surely after many years of association and representation some of the delays in examination by attorneys and clerical procedures by the home office can be eliminated or reduced. There is a wide difference in the apparent ability of investors to clear their part of this transaction. Rapid turnover of capital means increased profits and the ability to handle a larger volume for us. We need to look at this periodically and compare notes to see what improvements can be made in this area.

I think there is a natural reticence on the part of the average mortgage banker to be at all critical of the investor notwithstanding the fact that the criticism might be constructive and welcomed. This I believe could be over-come by investor-correspondent conferences. It seems like many good ideas come out of group discussions, and certainly as investments grow and spread over the entire nation, these planned meetings with regional groups of

servicers can be extremely helpful.

Mutual savings banks are now going through that period when deposits are not gaining the way we would like to see them progress. As a result there is a substantial falloff in mortgage lending and purchase activities. This is the time for savings bankers to do some research in their Mortgage Department. For a number of years they have had to give most of their thoughts and energies to getting servicers that could safely invest their money and provide quickly high yielding mortgages. Troubles and problems have been at a minimum. We all hope it always stays that way. However, we are practical people in an exacting business. Now bankers have time to improve their own personnel, and weed out services that show weakness in good times. Training servicers in the techniques and programs that have proven themselves with stronger representatives makes this business better and easier for all of us.

Just because new loan purchases are something bankers remember and dream of for the future, don't pull out these excellent mortgage department people into other areas of a bank's operations. This is the time to survey, improve, educate, and consolidate. It will help every one of us—investor and servicer alike.

Denies It Is Dying Out

What of the future for savings banks' and mortgage banks' relationship? Does it have a permanence and lasting look at this time? To me it certainly does. Now and then I hear someone say that the mortgage banking business will be a fond memory and that it is a dying effort. Don't believe it. This country will always need the entrepreneur who will work hard, take risks, make money, lose money, unhampered by strict rules and confining legislation that restricts growth before it occurs.

Mortgage bankers are not standing still. They are moving forward with new ideas, improved techniques, adaptable organizations, proving that they are able to adjust to the needs of the times. Surely it is a comforting fact to know that loan correspondents are able to keep their organizations together although savings banks have had to materially reduce their purchases of new loans. It is important to you that mortgage bankers maintain a diversified business and continue to develop new outlets so as to provide the borrower with the money when he needs it, and also provide banks with investments when they want to buy.

They are operating efficiently and gainfully, originating loans, eagerly awaiting savings banks return in a big way to the mortgage market. Diversification of outlets, activities, and organization make this possible.

Mortgage bankers every year have continually supported programs to fight inflation and promote savings. We know the mortgage money can only come from the long-term savings of the people. We must continue to lend our efforts to promote savings in mutual savings banks. Possibly some pooling of our ideas and abilities will bring forth some plan that will help convince the public of the importance of setting something aside in savings that can be used for mortgage purposes. Certainly the advantages of home ownership have been sold effectively. Maybe we need to show more people the part they play in providing the mortgage funds of the nation.

Solicits Joint Cooperation

We are always searching for new ways and means to tap the broader aspects of the savings market to bring more capital into the mortgage market. Serious studies are underway, and we hope to soon have some additional ideas in this field. Let us help programs to increase savings deposits. We have the same mutual interests. Let's pool our ideas and resources. The strength of this nation will to a large degree be determined by our ability to make people save. Economic growth requires capital for investment.

By this time I hope I have answered part of the question at least, "Mortgage Banker Representation: Why?". But let me conclude by summarizing a few points.

We can continue to be an improved field force. Help us to study our programs and research for new ideas. Use our facilities to expand your outreach and public relations in every major population center of this land. The result — an important job — well done.

*An address by Mr. Nelson before the 40th Annual Conference of the National Association of Mutual Savings Banks, Washington, D. C., May 11, 1960.

Lee Sherman to Join Rodetsky

JERSEY CITY, N. J.—On July 1, Lee D. Sherman will be admitted to partnership in Rodetsky, Kleinzahler, Walker & Co., 26 Journal Square, members of the New York Stock Exchange. Mr. Sherman is a partner in L. D. Sherman & Co. of New York and president of L. D. Sherman & Co., of Jersey City.

Lee D. Sherman

Albert Caplan With Taggart Co.

PHILADELPHIA, Pa.—Albert J. Caplan, member of the Philadelphia - Baltimore Stock Exchange has been elected president of the Philadelphia investment banking firm of Charles A. Taggart and Company, Inc., 1516 Locust Street. Charles A. Taggart, Sr., has been elected to the office of chairman of the board of directors of the firm.

Mr. Caplan was formerly partner in Albert J. Caplan & Co.

Form Gramercy Investors

Gramercy Investors Corporation has been formed with offices at 130 West 42nd Street, New York City to engage in a securities business. Officers are Robert Edwards, President; Vasilios Priakos, Vice-President; and Moe Stern, Secretary-Treasurer.

Named Director

Louis S. Stamm, president of Credit Exchange, Inc., has been elected to the board of directors of American Enterprise Fund, Inc., 26 Broadway, New York, a no-load, open-end investment company, managed by Edward A. Viner & Co., Inc., members of the New York Stock Exchange.

E. F. Hutton Adds

(Special to The Financial Chronicle)

LOS ANGELES, Calif.—John W. Donnan has been added to the staff of E. F. Hutton & Company, 323 South Spring Street. He was formerly with J. A. Hogle & Co.

Present Depreciation Laws Hurt Our Economic Growth

By Maurice E. Peloubet, CPA,* *Resident Partner, Pogson, Peloubet & Co., New York City*

In reproaching the Treasury for ignoring obsolescence problems under present laws and regulations, nationally known accountant challenges the Department for holding "fallacies and delusions" as to the economic and revenue effects of depreciation. Averring our growth rate can be decidedly increased via improved depreciation treatment, Mr. Peloubet says there would be no resultant loss of Federal revenue as enough new taxable earnings would be generated by producers of capital goods to offset the tax loss from lower profits resulting from liberalized allowances. The author cites the Canadian experience to back his contention, and show how an allowance increase of $7 to $9 billion would considerably eliminate our enormous $95 billion backlog of obsolete machinery now weighing down our competitiveness.

Maurice Peloubet

There are few subjects in economics, business or accounting which are more discussed and less understood than the nature, purposes and effects of the accounting and statistical device which we call "depreciation." It is generally accepted that depreciation is a device or method for spreading the cost of long-lived property, as nearly as may be, over the period of its useful life. This is a fine, broad generalization, but when we get down to particulars we find little agreement or understanding. There are all sorts of ideas and assumptions, mostly fallacious, on what the cost of the depreciable property is, and there are about as many different and as wrong ideas on what the useful life of the property may be. Matters are further complicated by the necessity of dealing with factors which can only be estimated.

Some other areas of uncertainty are the direct result of government action or intervention which in turn gives rise to a fallacious belief that the mere authority of the government to impose certain penalties or give certain benefits to taxpayers necessarily makes them sound and sensible, from a business or economic point of view. There are also a group of fallacies concerned with the economic and revenue effects of depreciation: estimates of the "cost of the depreciation deduction to the revenue" and estimates of the effect of increasing or decreasing the depreciation allowance on the economy as a whole.

Before the government was such a prevalent and powerful force in business, accounting was not taken quite as seriously as it is now. When the only harm which improper accounting could do would be to mislead management, owners or investors, this was serious, but it did not have an immediate monetary impact. Cost accounting, for instance, might allocate certain costs to certain products improperly, but this did not mean that any money would be immediately paid out or received. However, when cost accounting was the basis for reimbursement under a government contract, the proper allocation of costs suddenly assumed a new and rather alarming importance. It was not an academic discussion of how a cost should be allocated, but it meant that the contractor either was or was not paid for something which he had himself paid out. Under the income tax, practically every accounting interpretation means more or less taxable income, and more or less money to the taxpayer. One of the most difficult and debatable of these accounting methods or devices is the allowance for depreciation.

Criticizes Treasury Views on Depreciation

To get back to our fallacies and delusions, what does the Treasury think about depreciation?

(1) That the dollar always has had and always will have the same value, and, therefore, the amount to be recovered through depreciation is the amount of dollars originally spent for the property.

(2) That the taxpayer's past experience with similar property is the best guide to a future allowance.

(3) That the primary consideration in determining the useful life of depreciable property is the physical life of the property.

(4) That obsolescence should be recognized as and when it occurs.

(5) That any additional depreciation allowance means a direct loss in revenue equal to the tax on the amount of the additional allowance.

(6) Flowing from this, the assumption that there is a pool of income and that any decrease in rates or increase in deductions is a mere transfer of money from the government to the taxpayer.

If these assumptions were true, our present method of arriving at the depreciation deduction for tax purposes would be correct and satisfactory. However, I do not believe that any of these assumptions will stand up under examination and analysis. George Bernard Shaw, I believe, once said that if you wish to know what a man really thinks, you should try to discover the assumptions on which he habitually acts rather than listen to what he says his beliefs are. If this test is applied to the Treasury procedures, I think we will find that all of the assumptions we have outlined are implicit in the Treasury policy and actions. It is certainly true that the Treasury, for purposes of the depreciation deduction, does not admit or affirm that the value of the dollar has changed, because it insists that no depreciation deduction can exceed the investment in original dollars. The Treasury is not entirely consistent in assuming that the dollar does not change because the Secretary of the Treasury computes various index numbers indicating the change in the value of money for purposes of determining the LIFO inventory values of retail inventories, but it still maintains that the value of the dollar does not change for depreciation purposes.

Fallacy of Relying on Past Experience

The fallacy of using past experience as a guide to depreciation in the future has been frequently demonstrated in the discussions which have led to the virtual withdrawal of Bulletin "F". The advances in technology, both in the design and productivity of machines, and in the

Continued on page 24

THE MARKET . . . AND YOU

BY WALLACE STREETE

The traditional summer rally took hold early in this week's stock market, carrying the industrial average back to the best posting seen since mid-January and, in the process, retracing about half of the January - March downhill slide.

The various resistance levels plotted by the market technicians were all eclipsed early in the week when two sessions produced a net improvement running to 16½ points. That carried the average above even the higher of the resistance levels around 636-638. They were pierced decisively when it soared above 645.

There wasn't too much talk spurred yet of the average continuing and eventually reaching a new all-time peak to countermand the bear market signal of March 3. It would have to close above 685 to accomplish that feat, and the steel-auto news is still not inspiring enough for that, according to majority opinion. But this week's accomplishment did start talk of another score of points rise as within the realm of possibility before the summer rally is over.

The new strength seemed to be largely a case of enthusiasm generating its own following, although lowering the discount rate was seen as an eventual shot in the arm for business generally and the point wasn't lost on the stock-minded customers.

Non-"Glamour" Issues Shine

The market reflected this mostly in that it was the old-line, "standard" items, rather than the glamour, or science, stocks that sparked the rebound. Such staples as steel, auto, chemical, paper, glass and oil shares were able to take the limelight away from electronic, vending machine and rocket issues where demand had been pinpointed for so long. The latter, in fact, had definite troubles at times.

It was too soon to be definite as to whether the run was over for the glamour issues. They had in so many cases run up so far and so fast that even sharp reactions in them could be dismissed as mere corrections and not the end of the line. But for a change they weren't dominating the lists of new highs.

Their disappearance from this list was mostly responsible for a temporary lapse in the recent pattern of the highs outpacing the lows steadily. For a couple of sessions last week the lows were well ahead. But the rebound this week restored the old order.

Bank and finance company issues were prominent, notably San Diego Imperial which is a holding company for a group of western savings and loan associations. This was a rather perennial volume leader but finding it a bit of tussle to get over its past high.

Beneficial Finance rates as the second largest in the small loan field and has its champions because of its ability to maintain earnings even when the general business picture is poor or clouded. It moved steadily upward in per-share results even through the 1957 recession, reporting $1.89 that year, $2.02 in 1958, $2.21 last year and all indications point to a continuation of the improvement this year to where the issue is selling at slightly better than 10-times earnings on anticipated results for this year. That is a low multiple compared to the 60 and 80-times level of some of the glamour stocks recently.

One rather basic company that has had little investor interest is American Can which not only is the largest producer of metal cans but, by acquisition of Dixie Cup and Marathon Corp. years ago, branched into paper goods.

First, the issuance of shares for these acquisitions, then the steel strike of last year which carried over into this year's first quarter, had a depressing effect on per-share earnings of American Can and led to apprehension by investors over the growth aspect of the company. The company, however, is confident that the year will be good as its cost-cutting efforts take hold and business gets back to normal in the final three-quarters of the year. The concern over the outlook by investors has kept the price depressed to where it offers a yield of better than 5% for what is admittedly an investment grade stock.

The Weather Lifts the Plywoods

With better weather expected finally to reverse the downtrend in housing starts, the plywood companies had a rather wide following since their product is the fastest growing for housing applications. The admittedly unknown factor in this situation is General Plywood, best described as a litigation item.

General Plywood developed a finishing method for plywood that is simple and has the obvious advantages of eliminating the later preparation and painting of plywood products. The development, apparently, was revolutionary and immediately imitated by several of the other large plywood companies. It forced the comparatively small General Plywood outfit into the courts where it finally, on appeal, won title to its patent. The next step, underway, is to sue the infringers and establish its rights to royalties; after that the value to General will finally become apparent. When it comes to lawsuits, they can be lost so at best General has to be regarded as a speculation, though it has won the preliminary skirmish.

Drugs Perk Up

Drugs were showing occasional demand for a change after they had been rather neglected for a good while. Upjohn was one that showed an ability to move into new high territory although it has only been available in listed trading for about a year and a half during which time it held for the most in a 15-point range until it started to move ahead lately.

Upjohn's sales record is definitely one of growth and in 30 years it has averaged a 10% annual improvement at a steady clip without faltering. Earnings have not grown quite as steadily but since 1952 they have risen every year. The dividend record shows unbroken payments since 1909 and 10 increases since 1948. For most of its history it was a family-owned company until a public offering was made late in 1958. Among the facets that add to its growth ability, apart from the record, are that it has recently been concentrating on the foreign field, which was relatively neglected heretofore, and should bolster its future growth.

Bowling Pinsetters Go Overseas

A growth record of proven proportions that has also gone overseas to add to the future prospects revolves around the automatic bowling pinsetters of American Machine & Foundry. Installations have already been made in Monaco, Stockholm, Mexico and London and this summer will bow in Australia. This overseas swing, and the local bowling boom, have brought lush times to AMF. In the first quarter of the year earnings jumped 27% on a 22% sales gain to put 1960 in line for new record earnings and revenues above the 1959 results which were record-breaking.

While the pinspotters are important in helping AMF show such impressive results, they are not the company's only line since it is highly diversified with products ranging from cigaret making machines, bread wrapping machinery, equipment for missile launching, bicycles and other leisure items and is important in supplying research reactors for atomic enery studies.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

PUBLIC UTILITY SECURITIES

BY OWEN ELY

Central & South West Corp.

Central and South West Corp. is an integrated holding company, controlling some of the properties of the old Middle West System. The present subsidiaries—Central Power & Light, Public Service of Oklahoma, Southwestern Electric Power, and West Texas Utilities—serve electricity to a population of about 2,900,000 in the Middle South area. About 57% of revenues is obtained from Texas, 30% from Oklahoma, 9% from Louisiana and 4% from Arkansas. Some of the large cities served are Tulsa (273,000), Corpus Christi (185,000), Shreveport-Bosier City (191,000), Abilene (78,000) and Laredo (70,000).

The service area includes many natural resources — oil, natural gas, gypsum, sulphur, coal, lumber and salt. These have stimulated the growth of the petrochemical industry which in turn has contributed to area development. Farming is also important, the principal products being corn, cotton, wheat, rice, cattle, sheep, poultry, wool, mohair, citrus fruits and winter vegetables.

In spite of industrial development in the area only 23% of revenues are from industrial sales compared with 38% residential and rural and 29% commercial. The System has enjoyed rapid growth, 1959 revenues being 2.4 times those of 1949. System generating capability is now over 2,500,000 kw or over six times that of 1946. Peak load last year was 1,994,000. Generating capability is expected to increase nearly 2,900,000 by the end of next year. Four major generating units, with a capability of approximately 380,000 kw, were placed in service prior to the summer's peak-demand period. Work was initiated or continued on three additional generating units, with a combined capability of 394,000 kw, which will be placed in operation in 1960-61.

As with other southern utilities which use natural gas for fuel, Central & South West has been somewhat handicapped by the steady increase in the cost of fuel. The comparison is as follows:

	1950	1959
Average btu per net kwh	15,289	11,878
Cost per million btu	7.3c	14.2c
Cost per kwh generated (mills)	1.12	1.68

Thus the increase in efficiency has partially offset the doubling of fuel cost although there was a net increase in kwh cost of 50%. Some of this was absorbed by automatic changes in rate schedules, which have generally contained clauses authorizing adjustments of industrial rates on the basis of changes in fuel and/or commodity costs, taxes or prices. In the past the rate schedules of only one subsidiary contained such clauses in respect to commercial and residential rates, but in recent months it is understood that the three other subsidiaries have obtained similar adjustments so that nearly all system rates are now protected against changes in fuel costs.

The construction budget does not vary a great deal. Last year it was about $66 million; this year's budget is $62 million (the lowest figure in four years), while $75 million is estimated for 1961. Roughly half of construction funds are raised by sale of securities; last year's sale of $27 million subsidiary bonds and $20 million in parent -company common stock gave the company a healthy cash position, with about $17 million in short term Governments which will be available for investment in subsidiaries over the next three years. Equity financing had originally been slated for this year but the company decided to take advantage of favorable market conditions last October. The dilution was small, amounting to only about 3%, and the common stock equity was raised to 38%. New financing in 1960 will be considerably smaller; $12 million bonds have been sold and other needs will be met largely through bank borrowing and use of parent company funds. Further equity financing appears unlikely before 1962 or later.

Central & South West has reported steady gains in share earnings and dividends in the past eight years, last year's $1.36 being more than double the 67¢ reported in 1951 (both figures being adjusted for the recent 2-for-1 split). The present 96¢ dividend rate compares with 45¢ in 1951, the rate having been increased each year. Share earnings during this eight year period showed a compounded annual growth of 8%. However, due to a big jump in earnings in 1954, the rate of gain in the past five years worked out at only about 6%, which is rather low for a growth utility. Allowance must be made, however, for adverse weather effects on earnings last year as well as the equity dilution.

The year 1959 showed a resumption of industrial activity in the southwest, system kwh sales gaining 12% (compared with 7% in the previous year), while revenues gained 9% vs. 7% in 1958. Residential and rural revenues gained only 7%, or less than anticipated due to the disappointing summer air conditioning load. Commercial revenues were up 8%, industrial 11% and miscellaneous 14%.

System companies connected 18,317 new residential and rural customers last year, or 1,713 more than were added in 1958. Despite these additional customers and the increased consumption generated by aggressive load-building campaigns, the over-all increase in residential usage was restricted by the unseasonably cool summer weather experienced throughout the Southwest in 1959.

Operating expenses and taxes increased 9% in 1959. Fuel costs for the year were up $2,255,000, or 17%. A 13% increase in kilowatt-hours produced at System plants was responsible for much of this increase; the balance was due to a further increase in the cost of gas from 13.2¢ to 14.2¢ per million Btu, an increase of 7.6%. Share earnings have not been affected very much by the credit for interest on construction which approximated 8¢ a share last year (adjusted to present shares) and is estimated at about 7¢ for this year and next year.

President Osborne told stockholders at the annual meeting recently that the first four months of 1960 were "generally satisfactory despite the adverse effects of a severe winter and spring." For the 12 months ended April 30 share earnings were $1.37 vs. $1.33. Earnings through April were about in line with budget estimates although weather was an adverse factor, curtailing revenues and increasing maintenance expenditures.

Revenues in 1960 will, it is estimated, show a gain of about 8% and in 1961 9%, maintaining the approximate rate of gain of the past decade. While no official estimate of earnings seems available, it appears likely that earnings this year may be in a range of $1.40 - $1.45, depending on

whether the air conditioning load is more normal this year.

At the recent price around 37 (range in 1959-60 on the split shares has approximated 38½-27) the stock yields 2.6%. The price-earnings ratio, based on the latest earnings, is 27.

New Vice-Pres. for Walston & Co., Inc.

Walston & Co., Inc., 74 Wall St., New York City, members of the New York Stock Exchange and other leading exchanges, appointed Ben G. Cecchini, John A. Meyer, Eric A. Moederle, Edmund W. Tabell and Frederick W. Young, Jr., vice-presidents, effective June 1.

Piper, Jaffray To Admit Partners

MINNEAPOLIS, Minn.—On July 1, Brace Bennitt, Jr., Richard H. Spurzem, and George Fox will be admitted to partnership in Piper, Jaffray & Hopwood, 115 South Seventh Street, members of the New York and Midwest Stock Exchanges.

Shearson, Hammill Correspondent

Woodcock, Moyer, Fricke & French, Incorporated, Philadelphia is now a correspondent of Shearson, Hammill & Co., 14 Wall Street, New York City, members of the New York Stock Exchange.

Form Investment Co.

OLYPHANT, Pa.—Investors Mutual Planning Co., Inc has been formed with offices at 213 Lackawanna Avenue to engage in a securities business. Officers are John T. Brennan, President, and Geno F. De Angelis, Secretary-Treasurer.

Form Option Writers Inc.

EAST RUTHERFORD, N. J.—Option Writers Inc. has been formed with offices at 158 Orchard Street to engage in a securities business. Officers are Stanley J. Ziobro, President; Henry S. Ziobro, Vice-President and Treasurer; and John J. Berry, Jr., Secretary. Stanley Ziobro was formerly with Mutual Fund Sales Co. Mr. Berry was with W. A. Gardner Co.

A. J. Phillips Opens

BROOKLYN, N. Y. — Alfred J. Phillips is conducting a securities business from offices at 479 Eighty-fourth Street.

Wm. Tegtmeyer Branch

BUTTE, Mont.—William H. Tegtmeyer & Co. has opened a branch office at 38 Broadway under the direction of Lawrence J. McCarthy.

Now James McCreery Co.

SEAFORD, N. Y.—The firm name of American Investors Company, 3942 Merrick Road has been changed to James B. McCreery Company.

BANK AND INSURANCE STOCKS

BY LEO I. BURRINGTON

This Week — Insurance Stocks

THE CONTINENTAL INSURANCE COMPANY

To date, Continental Insurance remains among the few leading fire-casualty underwriters which has not entered the life insurance field. Nonetheless this company's possible entrance into the life business is becoming more pronounced. Interrogations to management recently have brought forth replies prefaced only by "when" rather than "if and when." Management presently believes the market price of Continental stock is too depressed relative to underlying book value. This thinking possibly can be interpreted that the acquisition route will be chosen when the time is appropriate.

Continental Insurance, the parent company of the American Fore Loyalty Group of insurance companies, presently ranks third in premium volume among United States fire-casualty insurers. Several mergers and consolidations have been executed during the past several years. Fidelity-Phenix Fire Insurance Company of New York was merged into Continental July 6, 1959. Previously the two concerns have operated under joint management (American Fore Group) and shared in the ownership of certain subsidiaries, although neither of them owned an interest in the other. The stock of Firemen's Insurance Company of Newark (Loyalty Group) was acquired in December, 1957 through an exchange of shares.

The American Fore Loyalty Group under Continental now includes ten subsidiaries: The Fidelity & Casualty Company (1929), Niagara Fire Insurance Company (1929) with The Yorkshire Insurance Company of N. Y. (1958) and Seaboard Fire & Marine Insurance Co. (1958), Firemen's Insurance Company of Newark, N. J. (1957) with Commercial Insurance Company of Newark, Milwaukee Insurance Co., National-Ben Franklin Insurance Co., and Royal General Insurance Company of Canada, and Fidelity-Phenix Fire Insurance Company (1959). The dates given refer to the year of acquisition.

Continental is licensed in all states and territories, Canada, and through the American Foreign Insurance Association it does business in many foreign countries. Practically every line of insurance except life is written by the Group through some 52,000 agents. Forty-two branch offices are operating from coast to coast. Continental has new quarters in San Francisco, Chicago, Brooklyn and Los Angeles. The company also is moving into new quarters in Dallas and Atlanta, while renovation of its Newark headquarters will be completed soon. Approximately 50% of the consolidated direct premiums written are in the states of New York, California, Illinois, New Jersey, Texas and Pennsylvania.

Selected Statistics — Growth and Underwriting Control

Year	—Net Premiums— Written*	Earned*	Admitted Assets*	**Loss Ratio	†Expense Ratio	Profit Margins
1960 (1st Quar.)	$141.6	$128.6	------	66.3%	38.1%	— 4.4%
1959 (1st Quar.)	135.7	----	------	70.4	38.6	— 9.0
1959	537.7	505.1	$1,623.5	64.9	38.8	— 3.7
1958	517.5	480.2	1,547.7	68.9	39.3	— 8.2
1957	477.4	451.9	1,291.7	70.9	39.7	—10.6
1956	----	----	1,041.3	62.0	41.1	— 3.1

*In millions of $.
**Losses incurred to premiums earned.
†Expenses incurred to premiums written.

From an industry as well as a company point of view, Continental has a big stake in fire, extended coverage and home owner premium lines. Total premiums written divide into 53% for fire and other property insurance lines and 47% for casualty underwriting lines. The three largest property lines are fire, auto physical damage, and extended coverage, while leading casualty lines include Auto Liability (Body), Auto Liability (Property) and Workmen's Compensation.

Relative to other insurance companies Continental has suffered underwriting losses to a much greater degree during the adverse industry experience since 1956. The poor underwriting results mainly have been due to the high retail distribution costs borne by selling through independent agencies and the sizeable positions in insurance lines which were hardest hit, such as Auto Liability and Workmen's Compensation.

Probably large size alone has been detrimental to selectivity of underwriting risks. In interpreting the loss experience it is to be noted that Continental's operating results are penalized or understated due to the conservative practice of fully reserving unearned premiums. The declining trend of the Expense Ratio indicates more effective cost control.

Although Continental still has integration problems, the results of the present simplified corporate structure are trending toward economies, including beneficial consolidation of underwriting statistical and internal administrative functions in general. The "pooling" of operations by all companies in the fleet will facilitate process mechanization with its attendant efficiencies.

The Incentive Auto Program, inaugurated in 1959, is being pushed vigorously. Other steps for improved operations include the excelleration of training programs, profitable participation in financing premiums, and improvement of incentives for younger personnel by adoption of a retirement plan at age 65. Underwriting results for 1960 should turn profitable based on experience thus far.

Per Share Statistics

Year	Price Range	Investm't Income	Consol. Earnings	Dividend	Approx. Book Value	Total Shares Outst'dg
1960	57—45	$3.60†	$4.00†	$2.00	$76.00†	11,998,290
1959	60—46	3.45	1.64	1.91	78.45	11,998,290
1958	57—40	3.30	—0.52	1.82	76.24	6,652,991
1957	49—36	3.22	—0.66	1.82	61.96	6,652,991
1956	53—39	2.45	1.78	1.82	59.77	5,000,000

†Estimated.

Management recently has estimated 1960 investment income will approximate $3.60 a share; a 9.2% gain was achieved during the first quarter of 1960 over the first quarter results of 1959. Consolidated earnings between $4—$5 are expected for 1960, and further improvement in earnings is the prospect for 1961. Should the improved trend in underwriting continue, the $2 dividend may be increased since Continental's financial position is very strong. This week Continental will be paying out its 240th consecutive dividend; cash dividends have been paid every year since 1853. A 10% stock dividend was paid in 1959.

At the recent price of 50, a 4.0% yield is obtained on the present $2 dividend rate. Continental has a strong investment portfolio and over 50% of company assets are represented by common stocks. The Loyalty Group acquisition added further strength to the investment position. Presently Continental shares are selling at a 35% discount from stated book value. Pleasing to Continental stockholders is the convenient and unique listing of the stock on the New York Stock Exchange. Although the poor underwriting experience of Continental has burdened the patience of stockholders, the investment segment of the business has achieved an above average performance.

Now Corporation

GLENDALE, Calif. — Christensen & Co. Investment Securities, Inc. has been formed to continue the investment business of Christensen & Co. Investment Securities, 1417 West Kenneth Road. Officers are Ansgar M. Christensen, Jr., President; J. A. Christensen and A. G. Christensen, Vice Presidents; and Louis E. Williams, Jr., Secretary-Treasurer.

With Ball, Burge & Kraus

(Special to THE FINANCIAL CHRONICLE)

CLEVELAND, Ohio — Morris B. Rogers has been added to the staff of Ball, Burge & Kraus, Union Commerce Building, members of the New York and Midwest Stock Exchanges.

Form Security Diversified

(Special to THE FINANCIAL CHRONICLE)

WINSTON SALEM, N. C.—Security Diversified Shares Management, Inc., has been formed with offices at 420 North Spruce Street to act as underwriter and distributor for Security Diversified Shares, Inc. Officers are S. L. Booke, President; Jonathan G. Gullick, Vice-President; Marion J. Davis, Secretary; and R. G. Wilmoth, Treasurer.

Form Cullen-Stanford

Cullen-Stanford Corporation has been formed with offices at 99 Wall Street, New York City, to conduct a securities business. Stanford R. Gabaeff is a principal of the firm.

NEWS ABOUT BANKS AND BANKERS

Consolidations • New Branches • New Offices, etc. • Revised Capitalizations

The First National City Bank of New York announces the promotion of three senior officers.

Effective June 7 are the appointments of Walter B. Wriston, as Executive Vice-President; George A. Guerdan, as Senior Vice-President, and A. Halsey Cook, as Vice-President, operations.

Walter B. Wriston

George A. Guerdan

A. Halsey Cook

Mr. Wriston, formerly Senior Vice-President, is in charge of the Bank's Overseas Division including 86 branches in 29 countries abroad. He joined the Bank in 1946. He has served in the Comptroller's Division, the National, and Overseas Divisions.

Mr. Guerdan, formerly Vice-President operations, will assume general administrative duties with the Bank's senior management. He joined the Bank in 1916.

Mr. Cook formerly Vice-President, was in charge of the Bank's Wall Street and Insurance District.

* * *

Chemical Bank New York Trust Company, New York on June 6 opened a new banking office in Bayside, L. I., at 2398 Bell Boulevard, near 23rd Avenue.

George Schneemann will be in charge of the bank's new Bayside Office.

* * *

John O. Lewis, Vice-President of the **Manufacturers Trust Company, New York**, in charge of Queens banking offices, died June 1 at the age of 63.

Mr. Lewis had been with the bank since 1931.

Appointments of I. Robert Kriendler, and Johnston F. Northrop, as members of the Advisory Board of Manufacturers Trust Company's Rockeffer Center Office were announced by Horace C. Flanigan, Chairman of the Board of the Bank.

Appointments of William R. Cowie, Vice-President of the Equitable Life Assurance Society and Donald J. Donahue, Treasurer of American Metal Climax, Inc., as members of the Advisory Board of Manufacturers Trust Company's Rockefeller Center Office were also announced by Mr. Flanigan.

* * *

The Chase Manhattan Bank, New York has promoted David S. Carroll, Charles J. Clune, Ralph K. Holtje and Robert B. Whitbeck to Assistant Vice-President. All are former investment officers in the trust department.

Appointed investment officers were: Apollo J. Adamiak; John J. Fitzgerald; and Howard A. Scribner, Jr.

Appointed Assistant Treasurers in the metropolitan department were: George W. Lampe; Howard H. Leonhard; William D. O'Brien; Douglas H. Randall; Donald P. Rider; and Barry F. Sullivan. Keith Kingsbury was appointed Assistant Treasurer in the United States department.

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Walter R. Miller was elected a Vice-President of the **Franklin National Bank of Long Island, N. Y.** Prior to 1953 he was a Vice-President of **Manufacturers Trust Company, New York**, for 25 years.

* * *

Approval has been given by banking authorities for the establishment of an office in Melville by the **Long Island Trust Company, Garden City, N. Y.**, according to an announcement by Frederick Hainfeld Jr., President. The new branch will be the Trust Company's 11th and its first in Suffolk County.

To be located on Walt Whitman Road between Northern State Parkway and Jericho Turnpike (Town of Huntington).

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Fred C. Daniels, President of the **Pawling Savings Bank, Pawling, N. Y.**, died June 4 at the age of 62.

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Mr. William I. Tucker, President of the **Vermont National and Savings Bank, Brattleboro, Vt.**, announced that Mr. John Lawrence Daly has been appointed a Trust Officer of the bank.

Mr. Daly will start his activities with the Vermont National and Savings Bank on July 5.

* * *

Mr. Edmund P. Bagdon was elected Assistant Cashier of the **Worcester County National Bank, Worcester, Mass.**, it was announced by Edward L. Clifford, President. Mr. Bagdon was with **The Bank of New York** since 1956, and had responsibility in the areas of advertising and public relations. He will assume similar duties with the Worcester County National Bank.

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"The First National Bank of Somerset County, Bound Brook, N. J." Bound Brook, N. J., increased its common capital stock from $1,000,000 to $1,250,000 by the sale of new stock effective May 26. (Number of shares outstanding—50,000 shares, par value $25).

* * *

William E. Foster has been appointed Assistant Manager of the McKnight Road Office of **Mellon National Bank and Trust Company, Pittsburgh, Pa.**, according to an announcement by Frank R. Denton, Vice-Chairman of the bank.

J. Brooks Brown and Lois M. Meise have also been appointed Assistant Managers of the Gulf Office.

Lawrence L. McDonough has also been appointed Assistant Manager of the Bellevue Office.

John W. Beiler, Jr. has also been named Assistant Manager of the New Kensington Office

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The Bank of Virginia, Richmond, Va., will offer its stockholders rights to subscribe to 40,000 additional shares of stock on a one-for-nine basis, according to Herbert C. Moseley, Bank President.

Subscription price for the new shares has been set at $22 per share. Subscription rights will expire on June 21. Each stockholder is entitled to subscribe for one share of new stock for each nine shares of stock owned at the close of June 2. A group of underwriters, headed by J. C. Wheat and Company, has agreed to purchase unsubscribed shares, if any, at the expiration of the subscription rights.

Mr. Moseley said that the bank's Executive Committee directed the offering by action June 1, following a special meeting of stockholders in which an amendment to the bank's charter was approved. That amendment increased the total number of authorized shares from 360,000 to 460,000 shares to be issued from time to time as the bank might determine.

Proceeds from the 40,000-share offering Mr. Moseley said, will be added to the capital funds of the bank—$400,000 to capital stock and the remainder to surplus—bringing total capital accounts to just over $10,000,000.

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The Ohio Citizens Trust Company, Toledo, Ohio, opened a branch in Oregon, Ohio, Willard I. Webb, Jr., President announced.

Robert J. Werner is the Manager.

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By the sale of new stock the **First National Bank of Middletown, Middletown, Ohio**, increased its common capital stock from $1,500,000 to $1,650,000 effective May 26. (Number of shares outstanding—165,000 shares, par value $10).

* * *

The common capital stock of **The National Bank of Sterling, Sterling, Ill.**, was increased from $125,000 to $200,000 by a stock dividend and from $200,000 to $250,000 by the sale of new stock effective May 25. Number of shares outstanding — 12,500 shares, par value $20).

First National Bank of Pompano Beach, Pompano Beach, Fla., increased its common capital stock from $820,000 to $1,060,000 by a stock dividend and from $1,060,000 to $1,500,000 by the sale of new stock effective May 24. (Number of shares outstanding—150,000 shares, par value $10).

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By a stock dividend the common capital stock of **The American National Bank in Winter Haven, Winter Haven, Fla.** was increased from $150,000 to $250,000 effective May 24. (Number of shares outstanding — 2,500 shares, par value $100).

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J. Robert Ridehalgh, 55, a Vice-President of **The Bank of California's** Portland office, died suddenly May 28.

Mr. Ridehalgh first joined the staff of **The Bank of California, San Francisco, Calif.** in 1927. He was appointed Assistant Manager in 1942 and Vice-President in 1956.

* * *

The Royal Bank of Canada, Montreal, Canada, has announced the appointment of W. D. H. Gardiner, formerly Manager of the Montreal Branch, as a General Inspector attached to the Head Office, Montreal. Mr. Gardiner will be succeeded by J. K. Finlayson, since 1958 Manager of the Winnipeg Branch. S. A. Cross, formerly Manager of the bank's Oshawa Branch, becomes Manager at Winnipeg.

Mr. Gardiner joined the bank at Walkerville, Ont in 1935. Following service there and at Windsor, he joined the Royal Canadian Navy, being discharged in 1946. In recent years his appointments have included Assistant Manager at London, Ont. in 1949 and Assistant Manager at the Toronto Branch in 1950. He was named Manager of the Montreal, St. Catherine & Stanley Branch in 1957 and he has been Manager of the principal Montreal Branch since October, 1958.

J. K. Finlayson started his career with the Royal Bank in Nanaimo, B. C. in 1939. After serving with the R.C.A.F. during World War II, he was stationed at several British Columbia branches, moving to the Head Office in 1945. He became Assistant Manager at Edmonton in 1951 and four years later was named Assistant Manager of the Main Branch in Montreal. He was appointed Manager of the Winnipeg Branch in May, 1958.

Buffalo Bond Men Summer Outing

BUFFALO, N. Y.—The Bond Club of Buffalo will hold their Annual Summer Outing on June 17 at the Cherry Hill Country Club, Ridgeway, Ontario, according to an announcement by E. J. Forkin, Doolittle & Co., President of the Club.

Edward Cornelius, Stevens, Cornelius & Parsons, Inc. is Golf Chairman, and foursomes should make reservations as soon as possible. Greens fees are payable by the players, but there is an advantage in making reservations early, which Mr. Cornelius will explain. There will be a kickers handicap with prizes for low net, low gross, most 3s, 4s, 5s, 6s, etc.

Ralph W. Stoddard, President of the Bank of Buffalo, is giving the winners trophy this year.

There will also be facilities for bridge and other sports.

Price of tickets for members is $7.50 and for guests, $10.

December, 1960 Dow-Jones forecasts will be taken at the dinner.

Paragon Investors

JAMAICA, N. Y. — Paragon Investors Corp. is engaging in a securities business from offices at 164-09 Hillside Avenue.

Midwestern Gas Bonds Offered

A nationwide underwriting group jointly managed by Stone & Webster Securities Corp., White, Weld & Co. and Halsey, Stuart && Co. Inc. and comprising 108 investment firms offered for public sale on June 7 an issue of $60,000,000 Midwestern Gas Transmission Co. first mortgage pipe line bonds, 5¾% series due 1980 with warrants for the purchase of 240,000 shares of common stock of $5 par value. The bonds, with warrants attached, are priced at 100.59% and accrued interest to yield approximately 5.70% to maturity. Midwestern is a wholly-owned subsidiary of Tennessee Gas Transmission Co.

Each bond of $1,000 principal amount will have an attached warrant entitling the holder to purchase four shares of common stock at a price of $15 per share on and after Jan. 1, 1964 through Dec. 31, 1973, when the warrants expire.

The sale of the bonds is in connection with the company's program for the permanent financing of its two major natural gas pipe line divisions, known as Southern and Northern systems. The Southern System, substantially completed, transports gas purchased from Tennessee Gas Transmission Co., to the Chicago-Gary area for sale at wholesale to certain gas distributing systems. The Northern System, on which construction is scheduled to begin in the near future, will extend from the International Boundary near Emerson, Manitoba to Marshfield, Wis. Gas for the Northern System will be purchased from Trans-Canada Pipe Lines, Limited, and will be sold to others for resale in Minnesota, North Dakota, Wisconsin and Michigan. The area to be served by the Northern System is largely without natural gas service at the present time.

The company estimates that the total cost of constructing the Southern System to a designed delivery capacity of 360,000 MCF per day, and the Northern System to a designed sales capacity of 201,000 MCF per day will be approximately $105,000,000, including working capital and allowances for contingencies. As of Feb. 29, 1960 about $42,000,000 has been spent by the company in connection with the construction of the systems.

All of the outstanding common stock of Midwestern Gas Transmission Co. is owned by The Cumberland Corp. which is a wholly owned subsidiary of Tennessee Gas Transmission Co. Capitalization of Midwestern as of Feb. 29, 1960 and as adjusted to give effect to the issuance and sale of these bonds and other steps taken in connection with its current financing program, showed $88,355,200 of debt and 1,840,656 shares of common stock.

Shellmak Corp. Common Offered

Public offering of 150,000 shares of Shellmak Corp. common stock at a price of $2 per share (par) was made on June 3 by Binder & Co., Inc. of Los Angeles, Calif.

Net proceeds from the sale will be used to purchase land and equipment for "chip-n-sand" golf courses.

The company is located at 14702 Hawthorne Blvd., Lawndale, Calif.

Form Seaway Associates

Seaway Associates has been formed with offices at 25 West 43rd Street, New York City (c/o Robbins & Robbins) to engage in a securities business. Partners are Phillip Robbins, Alvin I. Caplow, and Daniel Kleinman.

FROM WASHINGTON ...Ahead of the News

BY CARLISLE BARGERON

Events of the past several weeks show how ridiculous it is to try to predict with any certainty what is likely to happen in the next few months.

A couple of months ago it seemed almost certain that the Republicans would run in the Presidential campaign on prosperity and peace. The prosperity issue seemed a little weak, considering the relatively large unemployment and the fact that we have been going through a slight recession. Every bargaining unit that has faced the employers this year has come up with a boost in wages. The peace issue, too, was vulnerable inasmuch as the cold war seemed colder and colder. But all told, these two issues could have been argued.

Now has come the summit fiasco and, while it is a fact that we are not yet at war, the issue of peace sounds rather hollow.

We have switched almost overnight from the issues of prosperity and peace to pro or against Khrushchev. There is not the slightest doubt that Khrushchev wants the Democrats to win next November. Only in that event will there be another summit conference or any dealings between the Russian and American governments at the summit level.

Vice President Nixon has indicated that he would not deal with Khrushchev first hand. He has said he did not favor summit conferences as a way of dealing between governments. To this the ambassadors and the professional diplomats say "amen." They have been wondering what they are paid for. Negotiations between countries should be carried on through normal diplomatic channels.

Yet, Khrushchev has said that he is the only man in the Soviet Union who can be dealt with. Senator Kennedy and Adlai Stevenson have indicated that they would deal with the Russian Premier. Kennedy said that Eisenhower should "probably" have expressed regrets for the U-2 flights. Stevenson has said that Eisenhower gave Khrushchev the crowbar with which to wreck the summit conference. In the 1956 campaign, Stevenson proposed that we unilaterally accept a ban on nuclear weapons depending on the Russians to do likewise.

So he would undoubtedly be in a mood to bargain with Khrushchev.

Senator Johnson who may end up as the Democratic candidate—though it doesn't look that way now—has a position directly opposite to that of Kennedy and Stevenson. He doesn't want any part of dealing with the Russian Premier. He is standing shoulder to shoulder with Eisenhower.

The indications are now that Stevenson has better sensed the mood of the American people. So unpopular does Stevenson's position seem to be that most Washington observers feel that he has completely killed off his chances of becoming the Democratic nominee or of becoming Secretary of State in the event some other Democrat were nominated and elected.

Kennedy's attitude has not helped him.

As the situation stacks up, it looks as though the American people in November will have to decide whether to vote for the continuation of the cold war, with a President who will have nothing to do with Khrushchev except dealing with him through the normal diplomatic channels which he will not accept, or a man who will try to get along with him and attempt another summit conference.

It is doubtful if the American people will condone any sort of appeasement. This is what is meant, it would seem, by getting along with Khrushchev.

The Democrats have shown what they mean by getting along with the Russian Premier. They drew back our troops from Czechoslovakia and back from the very gates of Berlin to get along with him. They divided up Germany as a means of getting along with him. And since the World War II they have given Russia literally billions of dollars in lend lease with a view to getting along with. Much of Russia's industrial progress has been made possible by the lend lease we gave.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

Northwestern Bell Tel. Debs. Offered

Halsey, Stuart & Co. Inc. and associates offered on June 7 an issue of $45,000,000 Northwestern Bell Telephone Co. thirty-eight-year 4⅞% debentures, due June 1, 1998, at 101.304% and accrued interest, to yield 4.80%. The group won award of the issue at competitive sale on June 6 on a bid of 100.54%.

Net proceeds from the sale of the debentures will initially be used by the company to repay outstanding advances from its parent organization, American Telephone & Telegraph Co. The balance of the proceeds will be added to the general funds of the company and used for extensions, additions and improvements to its plant.

The debentures will be redeemable at optional redemption prices ranging from 106.804% to par, plus accrued interest.

Northwestern Bell furnishes communication services, mainly local and toll telephone service, in Iowa, Minnesota, Nebraska, North Dakota and South Dakota. On March 31, 1960, the company had 2,407,759 telephones in service, of which about 29% were in Minneapolis and St. Paul, about 7% in Omaha and about 6% in Des Moines. Other communication services furnished include teletypewriter exchange service and services and facilities for private line teletypewriter use, for the transmission of radio and television programs and for other purposes.

For the year 1959, the company had total operating revenues of $265,485,679 and net income of $39,005,220. At Dec. 31, 1959, capital stock equity of the company was $446,050,141; funded debt was $115,000,000, and advances from the parent company, $15,800,000, compared with $264,-971,712, $60,000,000 and $11,958,000 respectively, at Dec. 31, 1954.

Form Carpenter, De Bona

LOS ANGELES, Calif.—Carpenter, De Bona & Co. has been formed with offices at 11944 San Vicente Boulevard to engage in a securities business. Officers are Richard D. Carpenter, President; Joseph C. De Bona, Vice-President and Treasurer; and Dorine George, Secretary.

Commodity Price Trends Today and Tomorrow

By Roger. W. Babson

The refusal of the over-all price stability in commodities to succumb in line with the decline in common stock prices and the future direction of commodities' price level are two subjects Mr. Babson addresses himself to. His prediction for industrial commodities is that they will be subjected to downward pressures, particularly metals and oils, and that the same will hold true for farm and other commodities characterized by large surpluses.

The Dow-Jones Industrial Stock Average has declined from a high of 685 on January 5, 1960 to under 600, from which it is just rebounding. Manufacturers are wondering why commodity prices have not broken correspondingly. The main reason is the increased costs of labor. All the basic industries are well organized and producers are timid about cutting wages for fear the union leaders will call strikes.

Price Stability

This over-all price stability does not apply to all commodity quotations. We have seen widespread declines in wholesale prices for foodstuffs; and farmers expect to receive less for 1960 crops.

However, owing to the demand by consumers for small quantities of foodstuffs which they purchase at the supermarkets, retail prices have remained high. It not only cost retailers more to sell small items, but the cost of packages and displays is greater. Supermarkets present a fine show which appeals to consumers, but in reality their prices are not as low as is generally supposed.

Supplies Adequate

In most cases, supplies of raw materials are sufficient or can be increased rapidly if prices should rise. Therefore, changes in most commodity prices may be downward rather than upward for a while. An analysis of price trends should consider foreign demand and supply also. Not only will competition become more severe within this country, but foreign imports are crowding us more and more.

When I was in Europe recently, I was astounded at the low prices which are being paid there to labor. Japan does not produce many basic commodities, but confines her exports to manufactured products. Wages are very low in Japan. Reports from China vary, but presumably wages there are even lower than in Japan. If I can get a visa, I will visit China and get the facts about China's wages and her exports, which now go largely to Russia.

Outlook for Copper and Oil

Copper production in the U. S. is affected by gradually rising wages; hence the price of copper should be well maintained. Copper producers are, however, handicapped by the fact that the metal has a long life; some of that now being used in the electronics industry once existed in the form of trolley wires or our grandmothers' kettles.

In the case of oil, gasoline, and other petroleum products, there is no such problem; when these are used up they are totally consumed. However, the world now faces a surplus of oil. Not only have the Arab States large supplies which they are anxious to sell, but the production of the Sahara Desert must be considered. France is very much interested in this Sahara production. President deGaulle is striving for self-sufficiency in order to regain world status.

Exceptions to the Above

The main bullish argument for oil is that Nasser, President of Egypt, may succeed in becoming the "sales manager" for all the Arab countries and stop them from cutting prices or giving special favors.

I have recently made studies on the effect "fallout" might have on commodity prices in case of World War III. I asked various authorities whether farmers would be obliged to buy more or less fertilizer to offset the radioactivity which might be absorbed by surface crops.

In case of World War III, our government might not allow the planting of new crops. Milk, beef, and other products from livestock which feed on grass could be severely affected if contaminated by unfavorable fallout winds. I, however, am confidentially informed that this contamination could be offset by the free use of water and lime. The price of lime has not varied much in the past three years, but has been around $10 per ton F.O.B. quarry. In short, I believe that downward pressure will continue in most industrial commodities, especially the metals and oils, and in farm and other commodities where large surpluses exist; but lime may be an exception.

Contest Winners At Bd. Club Outing

Winners in the golf tournament at the annual outing of the Bond Club of New York were:

Ex-President's Cup for Low Gross: John F. Bryant, Reynolds & Co. and James D. Casey, Jr., A. C. Allyn & Co., Inc., scoring 78.

Candee Cup for Low Net: Robert R. Krumm, W. H. Morton & Co., and Peter V. N. Phillip, W. H. Morton & Co., scoring 71.

Christie Cup for Match Play Against Par: John W. Dayton, Clark, Dodge & Co., and Walker W. Stevenson, Jr., Hemphill, Noyes & Co.

Martin Levy, Lehman Brothers, and Jay Thors, Asiel & Co., defeated Enos Curtin and Robert Swinerton, Dean Witter & Co., in the men's doubles of the tennis matches, with scores of 7-5, 6-4.

Flomenhaft, Seidler Formed in N. Y. City

Flomenhaft, Seidler & Co., Inc. has been formed with offices at 44 Beaver Street, New York City, to engage in a securities business. Officers are Isidor B. Seidler, President; Leonard Flomenhaft, Vice-President; D. B. Seidler, formerly with A. G. Becker & Co. Treasurer; and E. Flomenhaft, Secretary. Mr. Flomenhaft was formerly with A. G. Becker & Co., Incorporated and Gartman Rose, Feuer Corp.

Form Designed Programs

Designed Programs, Inc. has been formed with offices at 1 Liberty Street, New York City, to engage in a securities business.

C. E. Hettinger Opens

GRAND ISLAND, N. Y.—Charles E. Hettinger is conducting a securities business from offices at 986 Enola Drive.

MUTUAL FUNDS

BY ROBERT E. RICH

Vogue versus Value

Not since the early 1950's, when Uranium came to the center of the Wall Street ring, has there been a battle as bruising as the current contest, which engages Vogue and Value. It is to the credit of mutual fundmen that they did not take much of a hand in the Uranium bout, generally contenting themselves with an interest in oldline mining companies, which did have a minor stake, often profitable, in that erstwhile glamour metal.

That battle kept the Government referee busy, but the clash of Vogue and Value has found Mr. SEC little more than a pensive onlooker, although a lot of Value adherents are saying that the referee will have his hands full before this struggle has run its course.

Value is a seasoned campaigner, a fellow who lays claims to an insight to growth and trends, but goes pretty much by the book: earnings, dividends and the balance sheet. Vogue, best described as a youngster with a two-fisted attack—packing glamour in one hand and growth in the other—is forever moving in behind the Progress of Science.

Vogue has widespread support. A lot of young mutual fundmen —and brokers and individuals of this generation as well—are taking a hand. Right now, they're ahead on points, hundreds of points. But they're sensitive, nevertheless, to the barbs from the Value contingent: jibes that some of these stocks have never paid a dividend, that some of these fields (notably electronics) are getting overcrowded, that some of these prices are discounting eternity and that some of these companies are poorly financed and/or poorly managed. There are even harsher criticisms, such as: "All you need is to rent a loft, install a bunsen burner and you're ready to sell stock." The young moon watchers wince all the way to the bank. They don't have to defend themselves: the results are mute testimony to their market know-how — until now, at any rate. When they have recourse to words, their attack goes something like this:

"A lot of oldtimers are only now being reconciled to the fact that the railroads are no longer pivotal in the market place. And then there are the more enlightened veterans of '29, who insist that you can't have a bull market without steels, motors, and oils taking part. This is the New Era and, as far as we're concerned, it belongs to companies with a stake in the Space Age and the companies heavily engaged in research —chemicals, electronic, optical. And, of course, there's automation. Last, but not least, there's the leisure-time stocks — bowling and boating, with more to come."

Last week, however, there was growing talk in the Financial District that Young Vogue was in for some bad moments. And it was coming from people who have mixed the New Era stocks with bread-and-butter equities in rounding out their portfolio. They thought they saw a sign — not much larger than a man's hand, to be sure, but a sign — that steels and motors and oils were attracting a good deal more favorable attention. Some even professed to see a sign of life in the carriers. And when a better tone came to the oldline issues, the Vogue group began to slip—not alarmingly, to be sure, but to slip nevertheless.

The talk, wistful and wishful, was that the funds once more were taking a constructive view toward the cyclical stocks. The nagging question for the Vogue backers was whether there would be a rush to nail down swollen profits in the high-flying stocks and move on toward the deflated industrial issues on the ground that the downside risk there was minimal.

It may yet be, of course, that Vogue and Value will acquit themselves with honor. After all, many an investment portfolio manages to be comfortable with a Texaco and a Texas Instruments or a Bethlehem and a Beckman.

The Funds Report

Colonial Fund, Inc. reports that at April 30 net assets totaled $70,033,712, equal to $9.96 on each of the 7,029,294 shares outstanding. This compares with $72,965,587, and $11 on each of 6,633,858 shares a year earlier.

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Washington Mutual Investors Fund reports as of April net assets were $18,413,511, equal to $8.92 on each of the 2,065,447 shares outstanding. This compares with $17,384,722 and $10.42 on each of 1,668,399 shares a year earlier. The figures for 1960 are after deducting capital gains distribution of 52 cents a share and for 1959 of 44 cents a share.

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Keystone Growth Common Stock Fund reports that between Nov. 1 and April 30 it added to holdings: American Broadcasting - Paramount Theatres, Avon Products, Babcock & Wilcox, Crane Co., Electric Storage Battery, Motorola, U. S. Freight, Western Maryland Railway and Western Union Telegraph. Over the same period it eliminated Columbia Broadcasting System, General Railway Signal, Haloid Xerox, Raytheon, Revlon, Vanadium Corp. of America.

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Institutional Foundation Fund announced that during the past quarter it had made the following portfolio additions: Commonwealth of Australia, 5¼s 1980; Province of Nova Scotia, 5⅛s, 1980; West Coast Transmission, Debentures A, 5½s, 1988, and Continental Can, Johns-Manville, National Biscuit and Phillips Petroleum.

The fund also pruned bank and insurance holdings. Retained were investments in: Bank of America, Chemical Bank New York Trust Co., Marine Midland, Republic National Bank of Dallas, Aetna Casualty & Surety Co., Connecticut General Life Insurance and Continental Casualty Co.

Also Continental Insurance Co., Fidelity and Deposit Co., Hartford Fire Insurance, Insurance Company of North America, Northern Insurance Co., St. Paul Fire and Marine Insurance Co.

Bank stocks eliminated were: Bankers Trust Co., Chase Manhattan Bank, Continental Illinois Bank & Trust Co., First National Bank, Chicago; First National Bank, St. Louis; Morgan Guaranty Trust Co., National Bank of Detroit, National Bank of Tulsa, National City Bank, Cleveland; Pittsburgh National Bank, Security-First National Bank, Los Angeles, and Valley National Bank, Arizona.

Insurance stock eliminated were: Aetna Life Insurance, Continental Assurance Co., General Reinsurance Corp., Government Employees Insurance Co., Maryland Casualty Co., Merchants Fire Assurance Corp., National Fire Insurance Co., Pacific Indemnity Co., Travelers Insurance Co., United States Fidelity and Guaranty Co. Eliminated also were holdings in Corn Products Co. and Otis Elevator Co.

* * *

Shareholders of **Keystone Fund of Canada, Ltd.**, voted to permit the fund to invest up to 50% of its assets in companies outside North America. The previous limit was 33⅓%. Keystone's European holdings appreciated 22% in the last six months, S. L. Sholly, President, told shareholders at the annual meeting.

* * *

Television Shares Management Corporation, investment manager and principal underwriter for the more than $325 million Television - Electronics Fund, Inc., reported net income for the six months ended April 30 of $366,222, compared with $284,111 in the comparable period a year ago. This was equivalent to 35 cents per share on the company's common stock and compared with 27 cents for the like period of 1959.

* * *

Johnston Mutual Fund, Inc., has recently completed a major investment program which it believes will further increase the opportunities of the fund for selective growth over the remainder of 1960 and beyond.

Common stock holdings in the following companies were eliminated completely from the portfolio: Aluminium, Ltd., General Motors, General Time, Goodyear Tire and Rubber, Mansfield Tire and Rubber, The Martin Co., and Standard Oil of California. Entire holdings in the convertible debentures of Burroughs Corp., Thompson Products, and sinking fund debentures in Kerr-McGee Oil Industries additionally were eliminated.

Seven hundred shares of Standard Oil Co. of New Jersey were also sold, reducing holding to 2,000 shares. This sale, and the elimination of Standard Oil of California, decreased the fund's oil industry holdings to 1.7% of the total value of the fund. This is the lowest percentage in oil holdings since the inception of the fund in 1947, and reflects what management considers a realistic approach to an industry where supply seems to have gotten out of control.

New positions were taken in Purex Corporation, Ltd., Rexall Drug & Chemical, Pepsi Cola, Scott & Fetzer and Armstrong Rubber. Additions were made to the investments in Hammond Organ, Ford Motor Co., Holt, Rinehart & Winston, General Time convertible debentures, Granite City Steel, U. S. Steel and Jones & Laughlin Steel, to strengthen the fund's holdings in these industry and company areas.

* * *

General Public Service Corp. declared a dividend of 7 cents per share on the Common Stock from net investment income, payable on July 14, to stockholders of record June 30. Last year a dividend of 5 cents per share was paid in June.

* * *

Delaware Fund and **Delaware Income Fund** state that "no new positions have been completed" by either fund in the past two weeks. Delaware Income Fund announced that "a few stocks whose price rises had rendered them unattractive from the standpoint of current income" were sold. It mentioned Armco and Copperweld among the steels and McCord in auto parts.

* * *

Guardian Mutual Fund, Inc. reports that at May 31 net assets totaled $9,001,444, equal to $19.75 on each of 455,865 shares. This compares with $7,301,668 and $18.66 on each of 391,241 shares at Oct. 31, 1959, end of the last fiscal year.

* * *

Niagara Share Corp. reports that at May 31 net assets totaled $61,575,113, or $22.79 on each of 2,702,167 shares. This compares with $63,342,975 and $23.43 on each of 2,704,054 shares at May 31, 1959.

Study Made on the Impact Of Higher Interest Rates

Research project by two economists uncovers these points: (1) high interest rates are required to attract savings from individuals; (2) use of large-scale bank credit expansion is costly and, in time, disastrous to the economy since it is "the greatest single inflation threat in a modern economy"; (3) selective credit control and interest rate ceilings are unsatisfactory alternatives to a free interest rate; and (4) banks' profits go up when interest rates are low. The researchers report that debt increased between 1946-1959 more than during the entire history of the U. S. to the end of 1945; and point out that high interest rates restrain excess borrowing yet impose "little added burden on most borrowers." They recommend Federal debt retirement and higher interest rate induced savings during prosperity, and development of a national mortgage market for individual investors.

Higher interest rates reflect a rapid rate of economic growth and contribute to the stability of the price level and of the economy, according to a recently released New York University study.

The study, dealing with "The Causes and Effects of Higher Interest Rates," was conducted by the University's Graduate School of Business Administration with the aid of a grant from the Association of Reserve City Bankers. The research project was carried out by Drs. Jules I. Bogen and Paul S. Nadler.

The rising trend of interest rates since 1946, the study finds, has been due to the very sharp expansion in the demand for credit generated by the growth of the economy during this period.

"In the 14 years from 1946 through 1959," the authors point out, "the increase in debt in this country was larger than during the entire history of the United States to the end of 1945."

Emphasizing that interest rates tend to rise whenever the institutional supply of loanable funds falls short of borrowing demands, the study cites statistics which show that such a "savings gap" of some $75 billion developed in the 1946-59 period.

"To attract a larger volume of savings from individuals when a wide gap exists between the demand for loanable funds and the supply from savings institutions and commercial banks," the study says, "substantially higher interest rates must be offered. Returns offered must be high enough to be regarded as a real 'bargain' by the investor."

A "dramatic illustration" of this, according to the authors, was "the nation-wide rush of individuals to subscribe to the Treasury's offering of 5% notes in October, 1959, after a long period of apathy to investment in Government obligations."

Discussing the effects of higher interest rates and limited availability of funds on economic stability, the study offers evidence to show that they are key "regulators of economic activity." As such, the authors say, they promote healthy economic growth and "tend to discourage and prevent the excesses of borrowing and expansion which, in booms like that of the late 1920's, become major threats to the stability as well as the growth of the economy."

As for the effects on the price level, Drs. Bogen and Nadler point out that "limited availability of funds and higher interest rates lessen inflationary pressures by holding down demands for goods and services financed with borrowed money."

Four Alternatives to Higher Rates

The authors state that four alternatives to higher interest rates that have been used are:

(1) Large-scale bank credit expansion to satisfy most of all demand from credit-worthy borrowers.

(2) Government lending to favored borrowers.

(3) Selective restraints on some borrowers to increase the supply of funds for others.

(4) Legal ceilings on interest rates.

Of all the alternatives to higher interest rates, the authors declare, large-scale bank credit expansion is "the most costly and, in time, the most disastrous to the economy. It undermines both economic and price stability.

"The greatest single inflation threat in a modern economy," they warn, "arises from unrestrained expansion of bank credit to satisfy free demands for funds when they exceed the supply of savings that can be attracted from institutional and individual investors. Funds then are made available in a volume adequate to meet the demand only because of a large-scale inflation of the money supply by the banking system—the modern counterpart of printing press inflation."

The study criticizes the three other "bad" alternatives as follows:

"Lending by the Government or its agencies does not add to the volume of savings, and so either diverts funds from borrowers not so favored or leads to large-scale bank credit expansion through sales of Treasury or agency obligations to commercial banks.

"Selective credit restraints may unduly limit types of borrowing that are economically or socially desirable:

"Legal interest rate ceilings that make specified types of loans and investments unattractive to lenders will merely shut off such borrowing when the available supply of funds is inadequate, unless ways to get around the ceilings are available.

"Each of these alternatives is an unsatisfactory if not an economically dangerous substitute for interest rates set in a free market as a means of distributing available loanable funds when the

demand largely exceeds the supply."

Discusses "Good Alternatives"

Discussing two "good alternatives" to higher interest rates, the study says that one "beneficial and certain" way to hold down interest rates, and make more credit available to all classes of borrowers, would be "the use of a large Federal budget surplus in time of prosperity to retire public debt.

"From the viewpoint of the national economy as a whole, additional loanable funds are best provided by an increase in savings relative to current consumption expenditures. More savings provide added loanable funds for all classes of borrowers without bank credit inflation. At the same time, restraint on consumption makes available additional economic resources to the borrowers who utilize these savings. To the extent that higher interest rates induce individuals to save more and spend less, they cause a shift in the utilization of resources from consumption to investment purposes."

Effects on Borrowers

In considering the effects of higher interest rates on borrowers, the study finds that they "impose little added burden on most borrowers because of factors which modify or neutralize their effect."

The impact of higher interest rates on business, it finds, is minimized because profits on capital funds average far higher than interest rates paid and interest is deductible from taxable income. With respect to small business, the effect of lessened availability of funds is minimized by increased use of trade credit and accounts receivable financing, as well as by bank borrowing.

The effect on state and local government financing is found to be slight, since a record volume of new issues of such obligations has been floated at higher interest rates, while interest payment remained less than 3% of total expenditures of state and local governments.

The authors do find, however, that "mortgage borrowers are affected by lessened availability of funds, as distinct from higher interest rates, more than are other classes of borrowers. The chief handicap of mortgage borrowers in competing for funds is the absence of a "broad market for mortgages among individual investors such as that which exists for Government, tax-exempt and corporate obligations."

Solution of the problem of mortgage fund availability in times of credit stringency, say the authors, may require the development of "instruments to facilitate large-scale direct investment by individual investors in obligations backed by real estate mortgages, as well as the broadening of institutional demand."

Effects on Banks

In a section analyzing the effect of interest rates on net profits of commercial banks, the study finds that the rate of return realized by banks on capital funds has been highest when low interest rates have prevailed.

The authors state there have been only two years since the Federal Deposit Insurance Corporation was established that insured commercial banks have reported net profits after taxes, reserves and security profits and losses of over 10% on their capital funds. These were 1945 and 1946, years in which interest rates were at the lowest level reached during the century 1859-1959.

"The assumption that commercial banks realize larger net profits when interest rates are high and smaller net profits when they are low simply does not accord with the facts of the past two decades.

"Two reasons account for the increase in net profits reported by commercial banks when interest rates have been low. In the first place, commercial banks have excess reserves at such times to support an expansion of earning assets. Secondly, commercial banks realize capital gains on securities when declining interest rates cause bond prices to rise.

"High interest rates curb expansion of earning assets of banks and give rise to capital losses on securities."

In terms of narrow self-interest, therefore, the study points out, commercial banks "might be expected to favor large-scale credit expansion, with concomitant low interest rates, in the light of the earning record." But such an attitude, the authors suggest, "would be shortsighted because the well-being of banking over the long run is so closely tied to that of the economy as a whole, and bank credit inflation undermines the stability and in time the growth of the economy."

Sidney Schwartz Opens

Sidney H. Schwartz is engaging in a securities business from offices at 580 Fifth Avenue, New York City.

Now Waterman, Whitehill

PATERSON, N. J.—The investment business of Samuel Hochman, 5 Church Street, is being conducted under the firm name of Waterman, Whitehill & Co.

Partners are Messrs. Hockman, Sanford Wasserman and Paul Weissberg.

Form Second Gibraltar

Second Gibralter Corporation has been formed with offices at 152 West 42nd Street, New York City, to engage in a securities business. Officers are Sylvia R. Madoff, president, and Seymour Launder, secretary-treasurer.

Form Tennessee Securities

NASHVILLE, Tenn. — Tennessee Securities Inc., has been formed with offices at 4604 Tara Drive to engage in a securities business. Officers are Doyle Shrighley Gaw, president; Charles R. Gaw, vice president; and Lloyd E. Gaw, secretary-treasurer.

H. L. Wright Co. Opens

H. L. Wright & Co., Incorporated has been formed with offices at 99 Wall Street, New York City to act as brokers, dealers and underwriters of securities. Harry L. Wright is president of the firm.

Free Asia Challenges U. S. Private Enterprise

Continued from page 3

the leaders and a look at the statistics — even the faces of the people themselves — all say that trends are in the right direction. The big question is whether the progress can be rapid enough, especially in view of the industrial advance now occurring in Communist China, being wrung out of those unfortunate people at such great pain and human cost.

There is one nation in Asia, of course, which stands apart from the others in that it already has achieved the status of a modern, up-to-date industrial state: Japan. It is significant that the Chinese Communists never mention Japan when they boast about their own economic advance, and well they might not. For the Japanese have increased their national product on an average of 9% a year in the 'Fifties—a rate that compares favorably with any country in the world. The Japanese have the industrial base and the technical know-how to contribute a very great deal to the rest of Asia.

At the opposite end of the Asian arc lies India, the great subcontinent whose continued advance is essential to the stability and well-being of the whole of Free Asia. Many are familiar, I know, with the progress of India to date. It has been very real, although the problems ahead appear no less formidable. In the past decade, the national product has grown at a rate near 4%. Moreover, these accomplishments have been achieved with very little inflation. And yet India, like the rest of Asia, must keep moving. It must show further progress in industry and agriculture and a continued advance, even though modest, in the standard of living. For India, even more than other nations, must bear the brunt of comparison with Communist China — a comparison which is being made daily by its newborn neighbors in Asia and Africa, who seek uneasily to gauge the pattern of the future.

Notes Critical Lack of Capital

One matter that soon impresses itself on any visitor to south and southeast Asia, including India, is the severe shortage of available capital. To some extent, **as I suggested, this is one of the heritages of colonialism. The need for capital is no less urgent than that for management and technical knowhow.** This was brought home to me most vividly, as a banker, **when I came to realize that the total of commercial bank capital in the whole area stretching from India to (but not including) Japan totaled no more than $500 million —a smaller sum than the capital of my own bank, notwithstanding a population of 725 million people.** Banks in the area make very few loans to small business. How could they, with resources so limited?

One basic question in my mind —as I know it must be in **yours— is the attitude and policy toward private enterprise.** Past history has not been too favorable on that score. Consequently, I wanted to look into the matter most carefully, and I talked to leaders **in** every nation about it.

I came away with a conviction that the attitude toward private capital has changed, that there is now recognition that if the job is to be done, the energies bound up with private initiative must be unleashed on a wider scale. And this includes India, as well as the others—a position on which Prime Minister Nehru was most explicit. Moreover, there is growing recognition of the job which **outside** capital can do, and the need for it.

There is a definite desire, for example, for certain U. S. industries, with technical know-how and at least some capital which they might contribute. At the same time these nations understand that if they are to attract such industry, investors must feel that they will operate in a favorable climate. Within the past several years a number of countries in the area have adopted new investment laws and policies which provide more encouragement and equitable treatment for foreign investors. Pakistan, Malaya and Thailand are particularly outstanding in this regard.

What is occurring is a change in emphasis and a change in atmosphere. The picture varies as between different countries, and to some extent as between industries. It is very proper that in a country where savings and trained manpower are so limited, and the needs so great, some industries should be encouraged while others are at least delayed. Foreign investors should choose the country where the atmosphere is best, make a success of their projects, and use that as an example for others.

There is no denying that south Asia will continue to need substantial help from public agencies in the West—in part for needed foreign exchange to finance what economists call "the economic infrastructure:" railroad, harbors, hydroelectric projects and the like, which are today beyond the means of their private enterprise but are basic to the development and growth of their economy. But the Asian countries know, and we know, that U. S. public assistance cannot go on forever. The job of developing industries to produce goods which the people need and consume, as well as products for export, must be carried forward by private enterprise if the kind of society which is best for all is to be built in that area of the world.

One of Our Great Challenges

Here, then, is one of the great challenges of our time—a vast area, of critical importance to the West, reaching a decisive stage in its development. Will it be able to rely on private enterprise to help give it the needed push, or will private initiative fail and in the end the area turn increasingly to statism and socialism? If the latter, the road only can lead finally to Communism. The Russians realize this and they appreciate the vital importance of this area. Shortly before I was in India, three members of the Politbureau visited it, followed by Khrushchev. By far the largest part of the Soviet-bloc aid has been directed to India—some $750 million, either extended or pledged, chiefly in the form of low cost loans. Cheap Russian books, translated into local dialects, are on sale throughout the country. And if you pick up the newspaper, you will even find economic aid advertised. Here is part of an advertisement I clipped out of a leading Delhi newspaper on February 20—headed by the title:

KOMPLEX-BUDAPEST OFFERS

Different kinds of factory equipments. In the frame of small scale industries.

Such as:

Metal and Fret Saw Blade Manufacturing Plant.
Thermoplastic Material Manufacturing Plant.
Metal Office Furniture Manufacturing Plant.
Iron and Steel Structure Manufacturing Plant.
Complete Flour Mills and a half dozen others.

This was followed by the statement:

"We undertake to supply, erect and commission the plants and offer technical training facilities in our factories in Budapest.

"All our factory equipments are offered against NONCONVERTIBLE INDIAN RUPEE PAYMENT."

The statement concerning convertibility was in bold type, and it was followed by a list of offices at which inquiries could be made, including offices in New Delhi, Bombay and Calcutta.

All this, as I indicated, was from Hungary, which the world knows is itself having great trouble making both ends meet. It reflects the extent to which the Russians and their satellites will go to make inroads in the area.

Interdependent Need

The plain fact is that the Free World needs this area in its own camp, as badly as they need us. Can you imagine our position if Free Asia were to become completely estranged from us—if its 800 million people, not to say its resources, were added to the Communist force? Two-thirds of all the world's population would then live under an alien philosophy. We in the West would have become the small island in the sea of humanity, fighting an uphill battle to retain our way of life. Even the business of making a living, with shrunken trade and shrunken markets, would become increasingly complicated and difficult.

I think we can reach only one conclusion—at least I came back with it: namely, that the West needs to do all it can to assist this vital Asian area to move forward. Basically, of course, the responsibility for progress lies with the peoples themselves. No one can deny that, and the Asians recognize it. But progress will be too slow without help from the outside, particularly by private enterprise. And in accomplishing this, in helping this area climb to its feet, we not only build a counter to Communist force, but we also act to advance our own trade and industry as well. As the economies of the Asian countries improve, so will their ability to purchase in world markets.

Interestingly enough, the Germans and French, even the Italians, are beginning to grasp this fact. Capital and technical knowhow are starting to flow in from those countries and the flow is also continuing from Great Britain. Not that American firms have been idle. A number are operating in many of the Asian countries, including some from this Detroit area. I was interested to find one of our creamery companies from the plains of Nebraska setting up a plant in the quite different atmosphere of Malaya. And, of course, many American firms have long been active in the Philippines. But the total adds up to a very modest amount indeed. Our entire private investment in India and Pakistan, for example, amounts to less than $150 million. In the past decade the British alone have added more than onehalf billion dollars to their investments in those two countries.

Convinced We Must Take the Lead

In the end I am convinced that it must be our own United States industry which takes the lead in south Asia if the needed job is to be done—simply because we have the resources, the skills, and the outstanding position. There is a tremendous reservoir of good will for the United States in south Asia. The reception given to President Eisenhower in India and Pakistan was no accident. In the history of India, only Gandhi's funeral provided such a display of public esteem. Indeed one must hear the general enthusiasm of all, from Prime Minister Nehru on down, to appreciate the great impact of the President's visit on the people of the area. Mr. Khrushchev experienced nothing like it, either in numbers or in attitude, in his two visits.

There are great resources in south and southeast Asia; there is a desire to have them developed; and there is labor. What is needed is capital and managerial leadership, which are in greater abundance in American industry than in any other nation. Some are apt to say that labor in Asia is highly inefficient, that its productivity is low, but this criticism can be overdone. Asian labor is capable of learning just like everyone else. I am told that when Daimler-Benz first went into India, output per man-hour was about one-fourth of that in their German plants. Today the ratio has risen to about five-sixths—a remarkable advance. The new Indian steel mills, incidentally, are going to be among the lowest cost producers in the world.

By all this I don't mean to imply that any company can go out there expecting a soft and easy time. There will be troubles, and plenty of them. Not everyone will succeed. Above all, no company should go into a area like Asia expecting to make a quick turn and then pull out. This does Asia no good and it does our country positive harm.

The Hazards and the Returns

What is needed is responsible, able individuals and firms—those who are prepared to stick it out, even in the face of hardship, and who will turn out products either required by the local market or which can be readily exported. The hazards will not be small, but the returns could be sizable, both for the enterprise and in the end for the Free World.

In my judgment we have no other choice but to accept this challenge and to begin working more closely with Asia. But if we are to do this, if we are really to give that area the help it will need, we have to act with much greater vigor than we have in the past—and that depends chiefly on men who are outstanding champions and practitioners of free enterprise, men like those so generously represented in this distinguished group here today. Our country already has helped put Europe back on its feet—through aid from industry as well as government. And the job was well done. Now it is the Asian countries, among others, that need assistance, and the time has grown ripe for it. That assistance cannot flow solely from government, for you know and I know that government aid cannot do the necessary job. Above all, it could never stimulate the strong, competitive free enterprise which the Asian area needs.

I certainly can't promise that the task will be simple or painless, particularly when we recognize that foreign needs must be piled on top of growing demands in the domestic market. The burden on management and the burden on our own economy can't help but be a heavy one. It emphasizes once again the extreme importance of keeping our own house here at home in order at all times.

Examines Our Internal Needs

The truth is that the challenge of the 'Sixties will be both **internal** and **external**, and the two are interrelated. The United States needs a sound, healthy economy not only to meet heavy commitments at home and abroad, but also to set the example for others, including the Asian countries. How can we insist that other countries maintain a sound currency, a balanced budget, and a complete honesty within their community and business life if we don't do it ourselves? Today there are those who point with pride to the fact that at last we do have a balanced budget, and the claim is made that the danger of inflation may be a thing of the past. But then we have only to refer to Mr. Stans, the able Director of the Budget, who points to the longer term record: Federal expenditures in 1930 of $3 billion, in 1940 $9 billion, in 1950 $40 billion and in 1960 $78 billion, all peacetime years. Moreover, he indicates, programs already on the books promise to push the latter figure even higher within the next few years. And when we add to this the other side of the coin—excessive taxes which drain away essential investment funds, taxes which are held high by government waste and uneconomic subsidies — we can feel assured that the battle is far from won.

I do not think for a moment that we can let down our guard against inflation; nor that we should cease fighting for a solution to the full range of problems that contribute to it, not the least of which is a truly reasonable solution to the problems that arise with labor at the bargaining table. With the Communist World continually driving for greater individual effort, featherbedding and restrictive practices can't be our pattern. A wage scale several times that of our foreign competitors, and a truly serious imbalance in our international payments, make it necessary that we seriously restrict any further upward adjustments until we are able to compete more effectively with our overseas friends who have developed such efficient operations in recent years.

Sound Money Means Healthy People

I heard again in Asia of the evils of inflation—how it distorts the whole economic process and saps a nation's morale and economic strength. As a matter of fact, I have never forgotten the visit to my office some time ago of a leading banker from Asia, who had just come to the United States by way of Switzerland and Germany. He remarked that he had been struck by the character and general health of the people in those two nations. He went on to say that in his experience the general health of a people, morally, politically, and even physically was intimately linked to the soundness of their economy, and particularly to their money. Countries with unsound money, with inflation, were countries which required heavy government control, and government controls in turn bred black markets, smuggling, and wide moral breakdown. In contrast, he said: "Sound money —healthy people."

That statement made a deep impression on me. After all, our own experience with government controls bears it out. We have only to recall the days of prohibition, with their lawlessness, or the black markets under rationing, to grasp the fundamental truth of the matter. Today high tax rates have the same general demoralizing effect. Even among free peoples, widespread government controls lead to attempts at law evasion, and this in turn cannot help but weaken the moral fiber of a nation. And inflation, wherever it has occurred, has inevitably opened the door to government control.

Says We Must Take Leadership Role

I realize that the challenges I have posed here are not popular with everybody. There are some of our people who want inflation, or at least favor policies that will lead to it. And there are many who fail to grasp the close community of interest between the United States and other nations, including the Asians. But facts are stubborn things, and they cannot be avoided. Whether we like it or not, history has conspired to place the United States at the head of a great world coalition—a coalition of all those nations, of all those peoples, who would remain

free. Opposed to that coalition and all it stands for is a strong aggressive power in being, the Communists, controlling one-third of the world's people and straining to control more. No group of nations would be able to stand up to that power without our help. We are the leader; it is our destiny; we cannot escape it.

By the same token, this position of leadership places the heaviest of responsibilities upon us. There has never been a nation as rich as ours, with a standard of living as high as ours. There has never been a nation with the same extra margin for leisure and the power to accomplish something for the common good. How are we to use this extra margin? In frills? In further subsidies for the idle? In longer, lazy weekends? Some of our people in Washington seem to lie awake nights trying to think of new ways for government to take over responsibilities that have historically belonged to the individual. History tells us that the most powerful nations which achieved wealth in the past finally became soft through self-indulgence and fell victim to their more vigorous neighbors. Is that to be the fate of America?

Sometimes I am afraid there would be a real danger of this if the Good Lord had not placed the living threat of the Communist world right before us. Nations, like people, are better off if they have something to strive for. And if that something is to demonstrate to the world that the ideal of freedom in all its manifestations is really achievable by man, then we indeed are a fortunate people.

We have no other choice but to pick up the challenge confronting us, both here at home and abroad. We need to work toward a more healthy, a more self-reliant society—one in which men are persuaded to put forth their strongest and best efforts, and in which the community reacts with fervor against pressure groups which sacrifice the good of the country for their own selfish interests. It is not enough merely to be passively honest and good as individuals. As a nation we must stop merely giving lip service to our ideals and start living them again each day. We must build up a real indignation against laxity, irresponsibility or dishonesty in any form. That is the formula for progress in the period ahead. We have as a nation faced many challenges in our history, and once we have recognized them, rolled up our sleeves and met them head on. I have the faith that as Americans we can and will do this again—that we shall be able to serve as the vital source of strength, both morally and physically, so urgently needed by Asia and others in the Free World.

*An address by Mr. Champion before the Economic Club of Detroit, Detroit, Mich., May 23, 1960.

Vestal Securities Corp.

Vestal Securities Corporation has been formed with offices at 52 Broadway, New York City, to engage in a securities business. Officers are Fred S. Vestal, president; R. Trendon Vestal, treasurer; and Joseph P. Smith, secretary.

Frank Knowlton Adds

(Special to The Financial Chronicle)

OAKLAND, Calif. — Frank Knowlton & Co., Bank of America Building, has added to its staff Neil E. Compton, Harold W. Marson, Paul M. Schmidt, Douglas W. Siegalkoff, Henry F. Siegalkoff, and John S. Wong.

With Thomas Jay Winston

(Special to The Financial Chronicle)

BEVERLY HILLS, Calif.—Robert S. Graham, N. Eugene Shafer, and Maurice W. Tritschler have become connected with Thomas Jay Winston & Co., Inc., 9235 Wilshire Boulevard.

AS WE SEE IT

Continued from page 1

peoples. There have, of course, been many of them. Most of them have had their day, but no longer have the power of dominating the affairs of others. About the only exception is what is now known as the Union of Soviet Socialist Republics—which is, of course, a direct successor of the older Russia which in earlier times and at various places vied with England, France and Germany for extensions of its influence and participation in world events. China at least in modern times was more sinned against than sinning, but has now awakened, and under the influence of modern communism is apparently firmly bent upon enlarging her sphere in world affairs.

We ourselves, as is well known, have not always been wholly free of imperialistic designs and activities, but in more recent times have withdrawn largely from the field, leaving such peoples as those of the Philippines and Cuba to manage their own affairs. At the same time we have, rightly or wrongly, felt called upon to "fill the vacuum" left by the decline of the British Empire in world politics. We have been involved in two world wars and have conceived the idea that in order to protect ourselves and our allies it was necessary for us to build and maintain bases all over the world. We have now become involved in large and very costly programs designed to prevent encroachments by Russia and China. Historically it is a new role for us, and there are many who still doubt both the wisdom of our efforts and our qualifications for the tasks we have undertaken.

It Might Have Been?

But the fact that the "free world" that we now feel we must defend is "free" only in a limited, or even a Pickwickian sense is relatively not an important, or at all events not a controlling factor, since no one really supposes that all those countries we now are trying to defend from Russia or China are devotees of the sort of individual liberty that constituted our own gospel in our youth. What the world would be like by now had we strictly adhered to the doctrine of Washington, we do not feel able to say. The fact is though that we long ago ceased to do so and, on the contrary, plunged deep into what is known as world politics, and have for decades been earnestly trying to reshape much of the world more to our liking. It has cost us billions of dollars and involved us in ways that are too numerous to mention.

We should be even more naive than we are often accused of being were we to suppose that all peoples where there is now little or no individual liberty are gasping to be free in our sense of the term—or particularly interested in democracy as such. Many of them have no conception at all of democracy as we think of it and still less ambition to embrace it in their own country. And, of course, we have always held to the belief that each people should be free to manage their own affairs as they think best.

This obviously means that in dealing with the peoples of the world, whatever may be our objective, we are obliged to take people as we find them. We can not—or at least we certainly should not—grant relief, for example, or withhold it from any given individual nation or people on the basis of whether they prefer this, that, or the other form of self-government. The circumstance that we are friends with dictators or grant aid to dictators in the name of defending the "free world" is, therefore, an anomaly only in a semantic sense. What we are really trying to do—or so we suppose—is to retard, or if possible, stop the spread of the type of communism which per se is ruled from the Kremlin, or in some instances from Peiping.

Often Imposed on

It is true—sad to relate—that we seem somehow to have become involved with unworthy characters in various parts of the world who either have misused our grants or permitted others to do so—and in this way made their hold on the people the more secure so they thought. Sometimes it has seemed that we were positive geniuses in getting behind individuals unworthy of their trusts and ultimately the victims of popular resentment—whether or not inspired by communist intrigue. This is a matter of which we may well be ashamed. We should be able to do better. But avoidance of this type of thing is vastly different from using our wealth to control the domestic affairs of other countries.

Whether or in what degree or amounts we should make use of our huge wealth for the purpose of influencing world affairs is plainly a question about which opinions may and do differ. Certainly we should not deceive ourselves in the use of the term "free world."

Allen & Co. Offers DuBois Chemicals

Allen & Co., 30 Broad Street, New York City, offered 200,000 shares of the $1 par common stock of DuBois Chemicals, Inc., pursuant to a prospectus dated June 7, at $13.50 per share.

The Cincinnati, Ohio, company is engaged in the manufacture, distribution and sale of specialized cleaning and processing compounds. The company sells its products through its own sales force of approximately 500 salesmen to industrial and institutional customers, principally manufacturing plants, meat packers, dairies, hotels, hospitals, restaurants and the transportation industry. Its products are also sold in Canada, Cuba and Peurto Rico, but its sales in these countries are negligible in relation to its total business. The products are not intended for use by nor are they sold to the individual consumer market.

The principal products are compounds for mechanical or manual dishwashing by institutional customers; a wide range of floor cleaners, sanitizers and polishes; compounds for industrial use in connection with cleaning, etching and phosphatizing of ferrous and non-ferrous metals by various methods including immersion tanks, washing machines, steam cleaners or electrolysis; compounds for the cleaning of paint spray booths and for paint overspray reclamation, for heavy duty paint stripping; and various products for in-plant cleaning of restrooms, offices and cafeterias. In the transportation field, DuBois manufactures and sells a complete line of cleaning and maintenance compounds for use in cleaning both the exterior and power plants of vehicles, railroad cars, aircraft and vessels. DuBois also manufactures and sells to the food industry, such as meat packers, dairies, frozen food plants, canneries and the like, a complete line of equipment cleaners, pot and pan cleaners, non-greasy conveyor lubricants for bottle and can filler lines and other products designed to maintain sanitary environments.

To insure correct usage of its products, the company manufactures and distributes a complete line of specialized dispensing and control equipment, most of which is rented to customers. In the case of dispensing equipment for dishwashing rinse additives, the company sells the dispensing and control equipment. Such sales during the fiscal year ended Feb. 29, 1960, were not significant in volume, amounting to $184,639 for such year.

Dishwashing compounds accounted for approximately 32.6% of the volume of business done during the fiscal year ended Feb. 29, 1960. No other product or class of products accounted for more than 10% of its volume of business during that fiscal year, and approximately the same relative importance of its various products continues during the current fiscal year.

Knowlton Absorbs Managed Inv.

SAN FRANCISCO, Calif.—Frank Knowlton & Co. has absorbed the business of Managed Investment Programs. Nathaniel S. Chadwick, senior partner of Managed Investment and nine of his associates are now connected with Knowlton's San Francisco office, 465 California Street.

Mr. Chadwick in the past was a Vice-President of National Securities & Research Corp.

G. J. Brennan Opens

McHENRY, Ill.—Gerrad J. Brennan is conducting a securities business from offices here. Mail address is Box 236, RR 5.

New du Pont Office

WAILUKU, MAUI, Hawaii — Francis I. du Pont & Co. has opened a branch office at 1820 Wells Street under the management of Gary N. Fujinaka.

Present Depreciation Laws Hurt Our Economic Growth

Continued from page 15

development of new products, make any comparison between most equipment purchased today and that purchased 10, 15 or 20 years ago, meaningless. Furthermore, the experience argument is rather weak because the experience has been forced on the taxpayer by the tax laws, and this same experience is to be used against him to show that he was satisfied and well off under the old conditions.

It is a little like telling a prisoner that there is no reason to set him free because, based on his previous experience of five years in jail, he must really prefer incarceration to freedom. The fact that he inhabited the jail under compulsion is disregarded.

It should hardly be necessary to demonstrate that the mere fact that a machine will still produce a tolerable product is not proof that its usefulness to the taxpayer is unimpaired, or that its useful life is not drawing to a close. The McGraw-Hill Publishing Company, as a result of a carefully taken survey, states that some $95 billion worth of depreciable property in the United States is, in the opinion of its owners and users, obsolete, and should be replaced. There is no doubt that this obsolete machinery is still operating and does produce tolerable and salable goods, but it produces them at higher costs, and under other unfavorable conditions.

The fact that this enormous amount of obsolete machinery, almost a third of the total machinery in use, is obsolete and should be replaced, certainly seems to indicate that useful life is not determined by physical wear and tear, and it also indicates that obsolescence is not adequately and fully recognized under the present administration of the taxing statutes.

When the question of depreciation reform and additional allowances is brought up, the government answer frequently is that the advantages of an increased and adequate depreciation allowance to the business community are quite clear, but the Treasury cannot afford the loss in revenue which would be brought about by an increase in depreciation allowances, no matter how calculated.

This assumption rests on the fallacy that we live in a comparatively static economy, with a slow growth rate, perhaps 3% per year, which is the extreme limit of possible growth. It is further assumed that, given a comparatively static economy, any increase in investment in depreciable property will be balanced by a decrease in some other type of goods or services. I think this is a fair statement of the views of several economists whose opinions are given considerable weight by the present administration. If these limits to the growth of the economy did, in fact, exist, then there might be some merit to these contentions. However, the past history of this country does not show any such limits to growth. When we look at the number of products used every day, which were not even thought of 15 or 20 years ago, and when we travel through the country and see the development of all types, this idea of a strictly limited growth seems more and more unreal and fanciful.

Maps Route for Greater Progress

While many of the younger and more enthusiastic economists and businessmen in this country believe in the possibility of increased growth, they are not alone in this belief. David Rockefeller, Vice Chairman of The Chase Manhattan Bank, said at a recent convention of the Western Association of Food Chains that he thought the long-term annual growth rate of 3.7% could be lifted to 5% or perhaps 6%, assuming policies which emphasized economic growth were pursued with sufficient vigor. He urged business leaders to become the architects of future economic growth, and said that there were three efforts which should be made: (1) to encourage savings and investments; (2) to stimulate research and development; and (3) to intensify the effort to develop talent through improving our educational system.

All of us, I think, are in sympathy with these ideas, and it is encouraging to hear a sound and a seasoned banker assert publicly that the rate of growth in this country can be doubled. The subject we are discussing is, of course, covered under Mr. Rockefeller's first requirement; that is, encouraging savings and investment, which would naturally be the result of leaving in the hands of taxpayers more money to invest in productive depreciable property.

It is also gratifying and significant to see the problem recognized in the highest government circles. The President and the Secretary of the Treasury recognize that the problem exists. Vice-President Nixon, in his speech in September 1958 at the Harvard Graduate School of Business Administration, indicated that he, too, recognized the problem and thought some definite reform measures should be adopted. In July 1959 the Select Committee on Small Business of the Senate held a meeting on the subject and issued a report, dated Jan. 7, 1960, which is a short and readable summary of the situation and the proposed remedies.

TABLE I

RELATIONSHIP OF CANADIAN CORPORATE PROFITS, TAX LIABILITY, DEPRECIATION AND FIXED CAPITAL FORMATION FOR ALL BUSINESS, FROM 1940 TO 1959

	Corporations			All Business
Year—	Corporate Profits	Tax Liability	Depreciation	Fixed Capital Formation
1940	100%	39%	46%	73%
1941	100	46	44	76
1942	100	48	44	65
1943	100	50	42	52
1944	100	49	38	51
1945	100	48	36	57
1946	100	44	29	69
1947	100	39	32	88
1948	100	35	36	102
1949	100	38	42	118
1950	100	39	36	98
1951	100	50	37	109
1952	100	51	44	130
1953	100	47	52	147
1954	100	47	66	155
1955	100	43	58	129
1956	100	42	59	157
1957	100	44	74	196
1958	100	44	73	175
1959	100	44	64	157

SOURCE: Dominion Bureau of Statistics, National Accounts, Income and Expenditure.

Quotes Small Business Committee

The conclusions and recommendations of this Committee are highly significant. It should be remembered that these are not the advocates of depreciation reform who are speaking. They are not taxpayers' representatives nor the representatives of any particular associations or industries. This is a committee of the United States Senate, which includes some of the most distinguished members of that body. These conclusions and recommendations are well worth quoting in full:

A. In its analysis of the hearing record, your committee reached these conclusions:

1. Present depreciation policies do not sufficiently encourage the expansion of the national economy. Indeed, those policies have, in all probability, stifled economic growth.

2. The twin problems of inflation and technological obsolescence have become increasingly significant in recent years. In combination, they have made our depreciation policies completely out of date, though those policies may have been reasonable and perhaps necessary in the 1930's.

3. Small firms, particularly, suffer from current depreciation policies in spite of recent congressional efforts to overcome several of the tax features that discriminate against them. Because of their limited capital resources and the difficulties and expense of obtaining further capital from new sources, they feel the greatest impact from underdepreciation.

4. Rapid amortization of "defense facilities" in periods of emergency is an inadequate substitute for a realistic long-range depreciation policy. Such amortization encourages cyclical rather than orderly growth of industrial capacity. Furthermore, rapid amortization certificates have been much more difficult for small manufacturers to obtain than for the industrial giants. A liberalization of depreciation policies applicable to all firms — in "normal" and "emergency" periods alike—would be a far more equitable approach to the preparedness or defense capacity problem.

5. Substantial liberalization of depreciation policies should be coupled with elimination of capital gains treatment for machinery and equipment used in a trade or business. New depreciation policies should be directed toward the stimulation of economic growth and should not be permitted to foster early disposal of assets for capital-gains advantages.

B. Your committee makes the following recommendations to the taxwriting committees and the Congress:

1. Current depreciation policies should be reviewed and all of the practical proposals for (a) shortening the period for depreciating property, (b) permitting greater depreciation in the years immediately after purchase of property, and (c) depreciating property on bases other than cost, to reflect the inflation factor, should be considered.

2. As a specific solution for underdepreciation, the adoption of triple-declining-balance depreciation and a Canadian-type class system for determining tax-depreciation lives of property should be weighed. A class system would, however, have to be adjusted to reflect differences between the economies of Canada and the United States, and the items placed in various classes, should, generally, have shorter ecnomic lives than those items now have under Bulletin F. S. 2695, introduced by the chairman of the subcommittees which conducted the hearing for this study, would authorize the use of triple-declining-balance depreciation on items having a useful life of five years or more.

3. Upon the substantial liberalization of present depreciation policies, the elimination of capital-gains treatment for personal property used in a trade or business should be considered. S. 2695 would also accomplish this.

4. Finally and importantly, consideration should be given to permitting purchasers of used equipment—usually small business firms—to apply the sum-of-the digits and double-declining-balance methods of depreciation authorized for new equipment purchasers under the Internal Revenue Code of 1954, and allowing small businesses deduction from taxable income for earnings plowed back into growth of the earning companies. Those two sorely needed legislative aids to small business would be provided by the enactment of S. 1010 and S. 59, which were introduced by your committee's chairman and cosponsored by several committee members and other Senators.

S. 2695, as introduced, applies only to new property, but it does so simply to place the treatment of triple-declining-balance depreciation in harmony with current treatment of double-declining-balance depreciation. Nevertheless, your committee again endores equal depreciation treatment for new and used equipment. In its consideration of the Small Business Tax Revision Act of 1958, the Senate approved such equal treatment for used property, but that part of the act was deleted by the conference committee.

Your committee has recommended a liberalization of depreciation policy toward all business, large and small. This seems necessary if we are to have the economic growth needed to compete with other industrial nations. It is doubtful, however, that better depreciation policies alone will ever be adequate to enable small businesses to grow as they should, or to meet working-capital needs. Therefore, your committee has endorsed a reinvestment deduction for small firms. It has also endorsed, because of the obvious (to the committee) equities therein, use of like depreciation methods on both new and used equipment.

The report was agreed to by all members of the Committee except that Senator Russell B. Long recommended further study of the specific methods described, and Senator Winston L. Prouty expressed some doubt about the revenue effect of depreciation reform.

No Significant Revenue Loss Seen

It is most interesting to note that with the exception of Senator Prouty, the Committee agrees that the revenue losses from liberalization of depreciation would not be significant. The report states:

"Your committee has summarized the testimony of some of the witnesses that inflation and current depreciation methods result in the payment of income taxes on $6 billion of capital consumption. Perhaps this will lead some readers to assume that the adoptions of depreciation methods to eliminate this capital consumption would result in a revenue loss of $2 billion to $3 billion. Your committee is firmly convinced that any such assumption would be grossly in error.

"The testimony and supporting illustrations by Mr. Peloubet were most persuasive on the point that liberalized depreciation allowances would generate enough new taxable earnings among producers of capital goods to offset the tax loss from lower profits resulting from increased depreciation allowances. Witnesses contended that any revenue loss from a fair liberalization of depreciation allowances would not be substantial. It is doubtful that there would be any revenue loss in the second year after such liberalization, and perhaps none in the first. In the third or fourth year, and in subsequent years, revenues should be larger. The economic growth and resulting greater tax base under new depreciation policies should assure the Federal Government of a long-term gain in revenue."

One of the difficulties in demonstrating that there would be no revenue loss if additional depreciation allowances were granted is that we cannot develop in this country or elsewhere what might be called a controlled experiment in economics to determine whether the assumption that there would be no revenue loss is correct. However, there is one method by which we can approach this result. The Canadian economy is perhaps the closest parallel in the world to our own. Both are developing economies, are self-sufficient to about the same extent and have about the same type of population. The balance between agriculture, the extractive industries, and manufacturing is not quite the same, but it is a fair approximation.

Refers to Canadian Experience

In view of all this it seemed that a study of the effects of liberalized depreciation in Canada might give the answer to the probability of a revenue loss in this country if depreciation allowances were increased. If it were true that an increased depreciation allowance meant a loss in revenue, the natural expectation would be that corporation income taxes would decrease proportionately to the increase in depreciation. Nothing of this sort has happened in Canada.

The tax liability varies in almost direct proportion to corporate profits over the period from 1940 to 1959. It was in 1946 that the first steps towards liberalization of depreciation were taken, and in 1949 the fuller liberalization, which has not been changed since that time, was put into effect. At the same time the depreciation allowance increased steadily in total amount.

Table I, which shows taxable

TABLE II

COMPARATIVE CUMULATIVE GROWTH OF CANADIAN CORPORATE PROFITS, DEPRECIATION AND TAX LIABILITY (1940-1959)

(Billions of Dollars)

	Profits	Tax Liability	Constant Rate Tax Liability	Depreciation
1943	$4,554	$2,006	$1,753	$1,996
1946	8,506	3,857	3,374	3,336
1949	14,163	5,964	5,551	5,417
1952	22,208	9,747	8,649	8,550
1956	33,419	14,734	12,966	15,134
1959	42,901	18,886	16,770	21,656

SOURCE: Dominion Bureau of Statistics, National Accounts, Income and Expenditure.

corporate profits, the tax liability and depreciation, all as percentages of taxable corporate profits, indicates that the increased and liberalized depreciation did not reduce to any significant degree the proportion of tax liability to taxable profit. The pattern of capital formation in Canada shows a rough agreement with both the corporate profits and the tax liability, the principal difference being that about the time that the liberalization of depreciation took place, capital formation began to increase rapidly, all as the table indicates.

The cumulative data in Table II show that the gap between profits and tax liability stays practically constant, even though the amount of depreciation allowances increased more rapidly proportionately to corporate profits.

There were undoubtedly other factors affecting capital growth and corporate taxes, but when we consider that depreciation is equal to over 50% of corporate profits in Canada and has been equal, on the average, to about 40% of corporate profits in the United States for the past five years, the influence and impact of the depreciation deduction must be recognized as probably the most powerful and significant factor in both the tax and capital growth picture.

If these conclusions from the Canadian experience are sound, and supported, as they are, by the results of 15 years experience with liberalized depreciation, they can hardly be otherwise, then the conclusion that liberalized depreciation in this country would not decrease total revenues and would stimulate the growth of the country, seems inescapable.

Notes Extent of Our Obsolescent Machinery

It would seem almost certain that a few years of genuinely liberalized depreciation in this country which might increase the allowance in total by perhaps $5,000,000,000 to $7,000,000,000 a year would go a long way towards eliminating the enormous backlog of something in the neighborhood of $95,000,000,000 of obsolete machinery which is now weighing down American industry. It would also have a marked effect on the position of American industry as compared with Europe, Japan and other competing countries which not only have much lower labor costs but which are not handicapped by the great mass of obsolete equipment which hangs over us in this country.

One of the principal practical objections raised against any increase in depreciation allowances is that depreciation, being a tax deduction, must, if increased, decrease the total amount of tax collected at any given rate. Those advocating increased depreciation allowances are told to choose between raising both the corporate tax rate and depreciation allowances or leaving both as they are.

The Canadian experience on this point disproves completely the assumptions underlying the offer of this unpalatable choice. There seems to be no ascertainable connection between changes in Canadian tax rates and the amounts of the depreciation allowance. The amount of the depreciation allowance rose steadily from 1946 to the present time, but Canadian tax rates increased during the war and were reduced subsequently.

The rates themselves, because of their variety and the incidence of both excess profits tax and the Provincial tax credit are not perhaps as significant as the total effective rate arrived at by comparing corporate profits before taxes with the income tax liability for each year.

The Canadian revenue authorities were forced in 1951 and 1952 to raise taxes to produce an effective rate of over 50% but were able, in spite of the large and growing depreciation allowances, to reduce this rate to 43.9% in 1959.

Sees No Adverse Effect

Since the Korean War we in the United States have been unable to carry out the provisions of the law which require that the corporate rate should be reduced from 52% to 47%, and we are still extending the wartime rate each year. The total effective rate in the United States for corporations is about 45%, which is still higher than the effective Canadian rate. If it is possible to make rate reductions under a system of liberalized depreciation, and impossible to make any reduction in rates under our system of insufficient and rigidly administered depreciation, it would seem almost self-evident that neither an increased total amount of depreciation nor higher rates could have any adverse effect either on government revenue or the growth of capital.

There seems to be quite definite statutory limits on the Treasury's powers in the way of liberalizing depreciation. The 1954 Code repeats in substance the language we have been familiar with for so many years, stating that depreciation is "a reasonable allowance for the exhaustion, wear and tear, including a reasonable allowance for obsolescence" of depreciable property. The Treasury appears to be precluded from any liberalization which would involve the recognition of the decreasing value of the dollar or the effects of inflation. It would also appear impossible for the Treasury to adopt any system of "class rates" on the Canadian plan because these rates are, in many cases, clearly and admittedly set with financial considerations in mind, and without any particular reference to the physical life of the property.

The treatment of obsolescence by the Internal Revenue Service has, as we all know, amounted, from a practical point of view, to ignoring it. Expressions such as "recognized obsolescence" or "obsolescence which has actually occurred" we are merely stating contradictions in terms. Obsolescence means the process of becoming obsolete. It does not mean the condition at the time the property is definitely and clearly obsolete. In other words, obsolescence should be treated as the advance recognition of an indefinite but general and reasonably certain possibility. This view has never been adopted by the Internal Revenue Service.

No adequate reform of depreciation as a tax deduction is possible under the present laws and under present regulations and rulings of the Treasury Department and the Internal Revenue Service. No matter what attempts were made, under present laws, to liberalize and reform the administration of the depreciation deduction, nothing entirely adequate and satisfactory could be done without additional legislation.

*An address by Mr. Peloubet before the Scranton, Conn., Chapter, National Association of Accountants.

Investors Planning

MALONE, N. Y.—Investors Planning Company is engaging in a securities business from offices on Whippleville Road. Edward A. Gallagher is a principal.

Forms Stander Co.

BROOKLYN, N. Y. — Robert M. Stander is now engaging in a securities business from offices at 26 Court Street under the firm name of Stander & Company.

I. L. Brooks Branch

OAKLAND, Calif.—I. L. Brooks & Co., Incorporated has opened a branch office at 1330 Broadway, under the management of Carl L. Davis.

SECURITY SALESMAN'S CORNER

BY JOHN DUTTON

"Some Sales Nuggets From an Old Pro"

Last week I had a visit with an old friend who used to work with me years ago. Today he is an executive vice-president of a member firm of the N.Y.S.E. Knowing that I am always interested in sales ideas and that I still write a column for salesmen he was kind enough to drop a few experiences of his own in my lap. Here goes.

His firm is located in a medium size city where one bank dominates the trust business. Although his firm does not carry an account with this bank, he finally made a breakthrough into trust account business using the following straightforward approach. He continued to call on the senior trust officer of the bank for several years but he could not obtain any business. Finally, he told the bank officer that some of his firm's clients were thinking of opening trust accounts and that the subject came up quite frequently. However, since he was not able to obtain any business from his clients that already had trust accounts with the bank he certainly could not recommend that anyone else use the bank's trust facilities.

The bank's trust officer replied that if any of the trust accounts were also his clients that all they had to do was to instruct the bank to give the business to him. This was the stated policy of the bank's trust department. He told the bank officer that despite this policy there was no record of such business with my friend's firm. The bank officer finally realized that he was missing an opportunity for valuable good-will on the part of this salesman and his firm. Several weeks later the first order was placed through the trust department of the bank and considerable business has followed. If he had not "put it on the line" valuable business would have been shunted to others that rightfully belonged to him.

If you have clients who are investors they are also potential trust accounts for a bank. Unless you are going to receive the referred business when these accounts are taken over by a trust department of a bank, why recommend the services of the organization? The salesman used the proper approach—he had something to offer, too—a large potential of clients who someday might desire trust services. He used force, properly, to obtain what was rightfully coming to him.

Ask for Recommendations

Sometimes salesmen are squeamish about asking a satisfied client to say a good word for them—even when a friendly relationship exists. This opportunity should not be overlooked when these recommendations may be properly used. There was a very substantial investor who was known to my salesman friend and he also knew that one of his customer's was very friendly with the prospect. One day he suggested that he was going to try and do business with the customer's friend and he asked him if he would say a few words in his behalf the next time the customer was with his friend. The customer was very glad to do so and he obviously did a good job of it. When he finally called the prospective client and asked for an appointment, he was told that he was very welcome because his customer had done such a good job of opening the door for him.

If you have a satisfied client and a good friend, and you know that he knows someone else who would make a good client, let him open the door for you. Many people are only too glad to be helpful if you deserve their referrals and recommendations but you have to ask them to help you. In most cases they will not do so voluntarily—it just doesn't enter their minds.

And Don't Forget This One

Sometimes my friend takes young salesmen out on calls and his experience in at least one instance illustrates one of the oldest faults in personal selling and is worth repeating. After an interview that covered the subject adequately, the young salesman who was with him came to the point where he should ask for the order. But he stalled and seemed unable to bring the interview to a conclusion. My friend then asked the investor if he would like to have the securities registered in his name or in joint tenancy with his wife and he was told that he thought joint tenancy would be best. Then he asked him if 500 shares would be about right and the client assented. With that, the senior salesman thanked him and the young salesman also got up to go.

Just as they approached the door to leave, the young salesman turned to the customer and asked him another question only remotely connected with the order and that could have been eliminated completely. This caused a break in the exit and the customer said, "You know, maybe I had better think this over, call me tomorrow and I'll let you know what I decide." When they left the customer, the young salesmen asked, "Now what did I do that made him change his mind?" My friend answered, "You just broke rule number one in personal selling—when a man says "yes," makes up his mind, and gives you the order, put on your hat, say "thank you" and exit. We all should know this but sometimes it doesn't hurt to repeat it.

Electronics Manufacturers Face Technological Challenge

Continued from page 1

and transistors since the molecularized equipment eliminates them. Since the majority of electronic equipment required by the Air Force can be satisfied with Molecular Electronics it means that such component part manufacturers should consider when and how the transition will be made and plan to get into M. E. or take the risk of becoming obsolete with standard componentry.

Time Scales

To give you an indication of when this new technology could be implemented I can tell you that the Air Force is expecting Westinghouse to continue its contract effort and come up with a molecularized VHF receiver in 1962. In addition, it is expecting Texas Instruments to produce a completely molecularized computer in 1961. If these two efforts are successful within those time scales there is no reason not to expect to find limited operational equipments in the field by 1965. This definitely points out that Molecular Electronics is not 10 years away, but that the feasibility of the state-of-the-art has already been proven!

For the sake of those who consider getting into Molecular Electronics activity, there are several philosophical comments to be made concerning its operational employment.

Supply and Maintenance

The supply and stockpiling of FEBs raises a real question since the ultimate approach is to make one monolithic structure perform the entire equipment function. Nevertheless, in cases where large quantities of FEBs are used, such as in computer assemblies, it is possible that a limited stocking of the blocks would pay off, but this would be the exception. The real key is the maintenance concept since this will determine the requirement to stock items for maintenance purposes. For instance, if it is discovered that Molecular Electronics is so reliable that practically no maintenance is required, then it becomes foolish to carry stock items for replacement purposes. However, we must determine whether or not a completely molecularized equipment can be repaired or made a "throw-away" item. From our present understanding of the fabrication process it practically dictates the throw-away concept, chiefly because it is hard to visualize how a maintenance man can get inside solid state blocks to repair trouble. Even if this maintenance should become possible, it is certain that it will take an expert with a lifetime career to attempt even depot maintenance of a FEB. If the cost is determined to be prohibitive in throwing away the complete block, we may be forced to split the equipment up into several functional elements and tolerate the cost of throwing away one of these smaller elements.

However, this now gets us back into putting together more units with corresponding connections, and thus less reliability, and a corresponding increase in cost due to extra operations and more stocking of items. Therefore, it might turn out that a one-shot monolithic equipment is still the best solution, especially if it has a high degree of reliability.

Reliability

Reliability is also related to maintenance and supply and this is a problem in all electronic equipment. When high pay-off equipment payloads are considered it is evident that every consideration must be given to reliability and it seems that Molecular Electronics will offer a marvelous solution due to the inherent improvement with less parts and connections. As Dan Noble of Motorola wrote: "Until we resort to a construction technique inherently endowed with several orders of magnitude greater reliability than that found in component interconnection, our battle with reliability will be lost. We shall be forced to rationalize the reliability problem while we continue to publicize the existence of mature, war-ready intercontinental missile systems which we do not have, solid state electronics must dominate through sheer necessity."[2] While we initially started the program of Molecular Electronics to reduce size and weight, we also realized that reliability is a constant headache, especially in the missile and space applications. Although we have no real statistical proof of reliability of functional electronic blocks, since only a few samples have been made, we can state that they have an inherent reliability not found in equipment using conventional components.

For example, if one realizes that the same mechanical processing goes into making a carbon resistor, such as batch mixing, forming, affixing leads, curing, painting, color coding, and testing, as goes into making a complete functional block that replaces the resistors, capacitors, inductors, and even diodes and transistors, it becomes evident that reliability is being built into the concept. We have yet to prove that there is stability and consistency in fabricating the basic materials used in FEBS. It can be stated, however, that if a batch of material is not acceptable this should be found out before equipment is made with such items—in other words, the unreliable material can be discarded before being used! A most interesting phenomena has been pointed out by Dr. Strull from Westinghouse in an article in Electronic Digests: "An outstanding characteristic of Molectronic systems, such as this telemetering device, is that the structures may die, but they cannot lie."[3] What he was demonstrating was the fact that conventional circuitry can have some of the components fail and give a false signal whereas Molecular Electronics can only fail as a whole—all or nothing.

Operational Readiness

Operational Readiness must be given lots of attention for it doesn't do us any good to have superior weapons if they fail to function when they are needed. That is why we have spent so much effort and money to check out missiles; and even a requirement to check out the checkout equipment. With the reliability inherent in the Molecular Electronics concept it will be possible to radically cut down on the prelaunch checkout. In those cases where we have long periods of stand-by it will again permit reduced checking because of the long shelf-life of the materials used to produce FEBS. One can also appreciate the pay-off in space vehicles where long shelf life and operating life are vital considerations!

Power Requirements

Power requirements also deserve critical analysis. Molecular Electronics permits operation at greatly reduced power levels, compared to conventional parts assemblies. For instance, three telemetry systems, one with subminiature tubes, one with transistors, and another using one solid FEB, all can have the same output of 30 mw but the tube version needs 5 watts input, the transistor model about 1 watt and the FEB only needs 60 mw. Commensurate savings are made with all the FEBs since they do not waste power in heat loss or in coupling requirements. Incidentally, the Electronic Technology Laboratory also has a contract with industry to experiment with materials to discover which of them will give good Molecular Electronics capability and still withstand temperatures up to 500 degrees C.

Cost

At present we do not have a feel for the cost of Molecular Electronics but it is quite obvious that with reduced initial and operational costs it should compare favorably with current manufacturing and operating costs of similar equipments being used today. In fact, with further understanding of how to make FEBs on continuous strips of dendritic crystals, with completely automated control of production, it is likely that equipment made with the Molecular Electronics concept will be cheaper than the present equipments.

Bionics

One last area of interest is the ability to take advantage of Molecular Electronics in a current, high pay-off program called BIONICS. This is a program to stimulate the superior biological capabilities found in the animal kingdom by means of electromechanical devices. For instance, how does the blind bat navigate, how do birds home, how does a human control the servo-mechanism activities and the learning and thinking process. Just as a matter of interest I'd like to refer to the concept of a neuron which is found in the human body by the billions. The biologists are trying to isolate one of them to study it but have been unsuccessful to date. However, they know some of the effects that go on in body reactions and by analytical deduction have reasoned what a neuron must be capable of performing. From this analysis we are having a synthetic neuron developed by General Electric Company which should perform in much the same manner as one neuron in the human brain. Eventually, it is hoped that we can connect a large number of these neurons into a network which will react and produce outputs that are consistent with those of the brain.

If one tried to build this one synthetic neuron using conventional parts it would be quite a complex collection of items. Fortunately, General Electric has already used the molecular electronic concept and they have already produced a model only one-eighth of a cubic inch in size. Notice that we are still a long way from scaling down to the size of a minute cell within the body!

In addition to the work on the neuron, the Electronic Technology Laboratory is having a handbook prepared by Georgia Institute of Technology which will give information of all the phenomena effects found in solid state materials. This includes thermal, mechanical, magnetic, electro-magnetic as well as electric phenomena. A general mathematical description will be given for each area, or a detailed description if at all possible, that can be used as a guide by the molecular design engineer. Eventually, it is hoped that it can be applied in the bionics program.[4]

Impacts

Industrial

The impact of this new technology is being felt, and the Air Force is hoping to stimulate enough interest in the concept to have many industrial activities involved in the activity. One can appreciate the fact that it is actually causing a revolution in the manner in which electronic engineers design circuits and equipments. They can no longer think of integrating conventional parts but must now understand the atomic and molecular activity in materials that permits the transition of inputs through the functional block to give an acceptable or improved output. Not only are we concerned with electrical phenomena but all other phenomenological effects. In fact, this is so radical in concept that we are discovering the requirements to establish a new curricula for teaching this approach in universities. Westinghouse is also intrigued with the problem of training additional engineers to understand the new art and assist in their research and development efforts.

We are quite aware of the impact on conventional parts manufacturers and have agreed that, while it will not force obsolescence of all conventional parts, it will have a profound influence in reducing the military requirements for conventional parts. The Air Force will be delighted to consider supporting any new and novel approaches that contribute to improved Molecular Electronic technology. We are not trying to force industry to accept M. E., but merely to make them cognizant of the possible transition to the new technology in the near future. Recall that I indicated it might be possible to have some selected molecularized equipment in the field in 1965. Note should also be made that if immediate requirements exist for any of the current FEBs, such as an amplifier, this can be implemented for field use in a matter of months.

Space and Airborne

Molecularized equipments will certainly provide the Air Force with a capability for satisfying the rigid requirements demanded in space systems. In such systems it is imperative that we offer the smallest and lightest equipment with a maximum of reliability and long life. The Air Force is also worried about radiation resistance and has been investigating the ability of FEBs to survive in radiation environments. It is realized that if we cannot make the basic materials survive we do have the benefit of reduced size and weight, and can add shielding around the equipment if it is deemed necessary. However, it should be possible to build this small-sized equipment right in the air or space frame of the vehicle and save on shielding requirements.

Ground Equipment

While the Electronic Technology Laboratory of Wright Air Development Division is chiefly concerned with airborne equipments, it does not mean that we are unmindful of the huge pay-off which this technology will have in some ground equipments. For instance, we hope to show, from the Texas Instrument effort to make a molecularized computer, that it is possible to reduce the size of a ground computer by many hundredfold, and also a considerable reduction in weight, and power requirements. There is no reason that Molecular Electronics should not be considered for *all* electronic equipment in order to take advantage of its increased reliability along with size and weight and power reductions.

Future

I believe that as the understanding of Molecular Electronics grows, we will develop Functional Electronic Blocks that take advantage of all other phenomena found in magnetism, light, heat, etc. Instead of the function being limited to such things as amplification, detection, switching, etc., the function may be such things as communication, guidance, control, etc., and ultimately a system. When we really understand the biological performance of the neuron and other biological phenomena, and can synthesize it, we will be able to make major improvements in our understanding of life and the ability to survive.

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ACKNOWLEDGEMENTS

To Westinghouse and Texas Instruments project personnel, my thanks for the figures of their operations; to the Chief of the Molecular Electronics Branch, Mr. Alberts and his cohorts, namely, Messrs. Martin, Sadow, Cummins, and Captain Roessler, my thanks for their helpful suggestions. To Majors Butsch and Steele and Captain Krieg, my thanks for the operational concept of a neuron.

*From an address by Col. Heavner before the Institute of Radio Engineers Annual International Convention, New York City.

Pennsylvania Co. Bonds Offered

The First Boston Corporation, Glore, Forgan & Co. and Salomon Bros. & Hutzler are joint managers of the group that offered publicly on June 7 an issue of $35,000,000 Pennsylvania Company 5¼% collateral trust bonds, due 1985, at 100.50% to yield 5.214%.

The bonds are to be secured by the pledge of 1,400,000 shares of common stock of Norfolk & Western Railway Co. They are entitled to a sinking fund calculated to retire 92% of the issue prior to maturity. They are redeemable on or after June 1, 1965 at prices ranging from 106% for those redeemed on or prior to June 1, 1966 to 100% for those redeemed after June 1, 1984; and at sinking fund redemption prices ranging from 100.42% for those redeemed on Nov. 1, 1967 at 100.02% for those redeemed on Nov. 1, 1984.

Of the net proceeds received by Pennsylvania Company from the sale of the bonds, $23,000,000 will be used to pay an obligation to The Pennsylvania Railroad Company incurred for the purchase in December, 1959 of 214,954 shares of Norfolk & Western Railway Co. common stock, and the remainder, together with any necessary additional funds from internal sources, is to be used to purchase from The Pennsylvania Railroad Company additional shares of Norfolk & Western Railway common stock having a market value of approximately $12,000,000.

At present, the company, a wholly owned subsidiary of The Pennsylvania Railroad Company, operates almost entirely as a holding and investment company. In addition to its substantial investment in Norfolk & Western Railway Company, the company has important holdings in Detroit, Toledo and Ironton Railroad Company, Lehigh Valley Railroad Company, Toledo, Peoria and Western Railroad Company, and Wabash Railroad Company.

Giving effect to the sale of the new bonds, capitalization of the company will be: $75,000,000 in long-term debt; and 2,492,500 shares of capital stock, par value $50 per share.

Form B. G. Harris Co.

B. G. Harris & Co., Inc., has been formed with offices at 37 Wall Street, New York City, to engage in a securities business. Harris Goldenberg is a principal of the firm.

R. E. Bernhard Branch

TORRANCE, Calif.—R. E. Bernhard & Company has opened a branch office at 1528 Cravens Avenue under the management of Robert E. Simmons. Mr. Simmons was formerly with Andersen, Randolph & Co., Inc.

Federal Transfer Tax Hike Strongly Opposed by IBA

Continued from page 12

tion is an agency or brokerage transaction. In the over-the-counter market the normal transaction is on a principal or dealer basis. For example, in the usual underwriting transaction, title for the securities involved passes from the issuer to the underwriter, then from the underwriter to a dealer participating in the selling group, and then from such dealer to his customer. In the large trading or secondary part of the over-the-counter market, title to securities frequently passes many times among dealers before it finally comes to rest in the hands of an investor. This problem is recognized in Senate Report No. 605, page 4. The Senate Report points out:

"It has been stated that administrative difficulties may be encountered in applying the provisions of this bill in the over-the-counter market because of differences that exist in the nature of such transactions as compared with those handled on the nationally recognized exchanges. One of these differences is that securities are not listed on such exchanges until they have achieved their primary distribution. On the other hand, this primary distribution is normally obtained in the over-the-counter market.

"It is the opinion of your committee that for the purposes of this bill, the fee in the over-the-counter market should apply to a transaction which results in transfer of ownership of the security from one person to another person. Under this interpretation, no fee would be assessed against the initial transfer of the security from the owner to an underwriter for the purpose of further distribution. In such a transaction the fee would attach when the underwriter had successfully distributed the securities to another person for his own account. Of course, if the underwriting agreement contains a provision whereby the underwriter retains for its own account securities not successfully distributed to others, the fee would attach to that portion of the transaction which resulted in a transfer of securities from the issuer to the underwriter for the underwriter's own account. Likewise, if the underwriter initially distributes the security through a broker to the ultimate customer, the transaction would be deemed to cover the period from the original transfer of the security from the issuer through the time it is vested in the ultimate owner. Only one fee would attach to this entire transaction.

"Such an interpretation would make the application of this fee analogous to the nature of that assessed against nationally recognized securities exchanges. Under this concept, the transaction covers the period of transfer of ownership from one owner to another owner, regardless of how many intervening dealings occur in the security involved."

H.R. 6294, which you are now considering, completely fails to recognize this problem. It imposes the so-called fee or transfer tax on each sale, and the only power the Commission is granted in connection with the administration of this proposal is by rule or regulation to require reports. Assuming, for current purposes, that some such bill is to be acted upon favorably, it should spell out much more clearly to which sales it is to apply and to which sales or transfers of ownership it is not to apply.

With respect to the effect of the proposal, money-wise, the Commission has already submitted its estimate at the hearings before the Subcommittee of the Committee on Appropriations of the House on Independent Offices Appropriations for 1961, and doubtless will already have done so to this Committee, so we shall not go into that aspect of the proposal.

As indicated above, our objections to this bill are more fundamental and go to its entirety.

First of all, we subscribe to the view that special beneficiaries of services rendered by governmental departments or agencies should pay for such services in whole or major part, but we do not subscribe to the view that governmentally regulated individuals or industries should have to pay directly for such regulation which is primarily in the general public interest. To put our view in the simplest of terms: we do not think that a citizen of a community who happens to call on a policeman or a fireman for his services in a given situation should have to pay a special fee or tax therefor. We believe that most of the services of the SEC fall within this general category and that they should therefore be supported out of general tax revenues.

We have already seen that the individual who is actually to pay this new fee—or transfer tax, as we prefer to call it—is the investor and, as a clearly identifiable group, the investor in this country is already paying special taxes which cover many, many times the total annual costs of the SEC's operations — the ostensible purpose of this bill.

Take the present Federal Stock Transfer Tax alone, and keep in mind that the budget estimate for fiscal 1961 covering the SEC's total operations comes to some $8,900,000. There are no actual statistics on the revenue derived from the Federal Stock Transfer Tax since fiscal 1952, but at that time the revenue from the tax amounted to $22,577,000. We have made an estimate of the revenue derived from the Federal Stock Transfer Tax for calendar 1959 from available figures, and come up with the figure of $31,419,700. Our method of making this estimate is attached as Exhibit 1. Here no allowance has been made for breakage, a fact which should make this estimate on the conservative side. In this figure alone it can readily be seen that investors are already paying, in the form of Federal Stock Transfer taxes, more than three times the cost of total SEC operations.

In the final analysis, the investor, the owner of our corporations, pays the Federal Stock Issuance Tax. Here again, no statistics are available on the Stock Issuance Tax revenue, but we have made an estimate, based upon such figures as are available, and we come up with a figure of some $4,800,000, which investors are paying, as an identifiable class, and in the form of a special tax.

Figures Don't Include Double Tax on Corporate Income

The investor is also singled out for special treatment in connection with income earned through the corporations which he owns. I refer to the matter of double taxation of corporate income. It is taxed first at the corporate rate and then the remainder paid to him in dividends is taxed again. Dividend payments in calendar 1959 are estimated by the Commerce Department at $13.2 billion. The average tax rate on dividend income is estimated at about 35% to 40%. Taking the lower percentage, the amount of double taxation on dividends would be about $4.6 billion. It should perhaps be noted just in passing that, when an investor sells his securities at a profit, he is subject to the capital gains tax, and of course he pays his fair share of regular income taxes.

What I should like to do here today, therefore, is to speak primarily for the investors of this country, as distinguished from the direct interest of our members on this proposal. We hear much talk on all sides about the coming population explosion, the need for creating new jobs, the necessity for stimulating the flow of equity capital both here and abroad; and the investor who is willing to risk his savings is a key factor—if not **the** key factor—in the solution of these problems if we are to continue with our present type of economy and avoid the obvious alternative. It seems to me, therefore, that we should do all we can to encourage investment and the investor, rather than add additional obstacles to and increase taxes on the investing process. Indeed, when one considers the special taxes which the investor is already paying, and the alleged purpose of this bill, the logical result would be for the Committee to recommend the repeal of Section 31 of the Exchange Act as it currently stands.

Just a few other observations to complete the general picture I would like to paint. As the Committee is well aware, we in the securities business have supported, since 1939, a unique experiment in cooperative regulation of the securities markets through the NASD. I know of no similar operation anywhere. As this Committee, in a sense, has jurisdiction over this operation through the SEC and is thoroughly familiar with its background and performance, I shall not go into detail. I would, however, like to add another figure to the record, the expenditures of the NASD, which are financed by its member broker-dealer firms, and which for the fiscal year 1959 amounted to $1,510,552.

It should be noted also that the several states derive revenues from securities registration fees, dealer and salesman registration fees and miscellaneous security examination and reporting fees. These fees support the regulatory efforts of the so-called blue sky commissions of the several states. When S. 2520 was before the 85th Congress, we made a computation of these fees, showing a total of $2,467,558.62. We have not made a more current similar computation but, in view of the changes in the state laws which have been made in the interim, we have no doubt this total figure would be higher today.

In light of the foregoing, we recommend that this bill before the Committee not be reported favorably to the House and, indeed, that the Committee give serious consideration to repealing present Section 31 of the Exchange Act, for the reasons indicated.

EXHIBIT I

Estimate of Stock Transfer Tax — Calendar 1959

(No actual statistics on the stock transfer tax have been available since 1952)

Calendar 1959 value of stock transactions on all exchanges	$51,863,624,865
Add estimated over-the-counter transactions (⅓ of total transactions)	25,900,000,000
Add mutual fund share redemptions	785,627,000
Total	$78,549,251,865
Tax at 4¢ per $100	*$31,419,700

*No allowance is made for breakage, a fact which should make this estimate on the conservative side.

$25 Million Bonds Of Pennsylvania Agency Offered

Drexel & Co., Harriman Ripley & Co. Incorporated, The First Boston Corporation and Kidder, Peabody & Co. are joint managers of the group that offered publicly on June 7 an issue of $25,000,000 The General State Authority of the Commonwealth of Pennsylvania 3.60, 3½, 3.40, 3.20 and 3% serial bonds, 12th series, at prices to yield from 2.80% for bonds due July 15, 1963 to 3.70% for the 1985-87 maturities. The group was high bidder for the issue at competitive sale on a bid of 98.23 for the combination of coupons.

The bonds are secured by the pledge of all rentals payable by the Commonwealth from its current revenues under leases covering projects leased by the Authority to the Commonwealth. They are rated A-1 by Standard & Poor's.

Among those associated with Drexel & Co., Harriman Ripley & Co. Incorporated, The First Boston Corporation and Kidder, Peabody & Co. in the offering are:

Smith, Barney & Co.; Blyth & Co., Inc.; Lehman Brothers; Phelps, Fenn & Co.; Eastman Dillon, Union Securities & Co.; B. J. Van Ingen & Co., Inc.; White, Weld & Co.; A. C. Allyn and Company Incorporated; Equitable Securities Corporation; Carl M. Loeb, Rhoades & Co.; Hemphill, Noyes & Co.

Lee Higginson Corporation; F. S. Moseley & Co.; Stroud & Company Incorporated; Yarnall, Biddle & Co.; Alex. Brown & Sons; W. E. Hutton & Co.; A. G. Becker & Co. Incorporated; Reynolds & Co.; Shearson, Hammill & Co.; Hallgarten & Co.; American Securities Corporation; Barr Brothers & Co.

F X R, Inc. Debens. Offered

C. E. Unterberg, Towbin & Co. offered on June 3 $2,000,000 of F X R, Inc. 5½% convertible subordinated debentures, due June 1, 1970, at 100%, plus accrued interest from June 9, 1960.

The debentures are convertible at the option of the holder at any time until maturity into common stock at the conversion price of $58 per share of common stock, unless previously redeemed, (subject to adjustment under certain conditions).

Net proceeds from the sale of the debentures will be used to repay short-term notes payable to banks, representing loans to provide additional working capital. The balance of the proceeds will be used as an investment in Micromega Corp., to acquire new machinery and equipment for new manufacturing facilities, and to maintain additional inventory.

F X R, Inc is a producer of precision microwave test equipment, related types of electronic instrumentation, high power pulse moderators and custom-built components for radar, and communications systems. The main office of the company is located in Woodside, New York.

Upon completion of the current financing, including anticipated retirement of bank debt, outstanding capitalization of the company will consist of $2,000,000 of the convertible subordinated debentures due 1970, referred to above, and 449,567 shares of common stock, $1 par value.

Brown, Bechard Office

ALEXANDRIA, Va.—Brown, Bechard & Company, Ltd. has opened a branch office in the Charterhouse under the direction of Edwin A. Law.

Teleregister Securities Off'd

Public offering of 6,000 units consisting in the aggregate of $6,000,000 principal amount of 6% subordinated sinking fund debentures, due May 1, 1980 (with warrants attached) and 240,000 shares of common stock of The Teleregister Corp. was made on June 7 by an underwriting group jointly managed by Ladenburg, Thalmann & Co.; Bear, Stearns & Co. and Sutro Bros. & Co.

Each unit, consisting of $1,000 principal amount of 6% subordinated sinking fund debentures (with five-year warrants attached evidencing the right to purchase 20 shares of common stock initially at $15 per share) and 40 shares of common stock, is priced at $1,500, plus accrued interest on the debentures from May 1, 1960.

Net proceeds from the financing will initially be used by the company to pay off bank loans, and the balance will be applied to the company's construction program.

The debentures will be redeemable at optional redemption prices starting at 106% on or before May 1, 1961, and declining to 100% plus accrued interest. For the sinking fund, the debentures will be redeemable at par, plus accrued interest.

Teleregister, with its principal office in Stamford, Conn., is engaged in furnishing data processing, dissemination and display services by means of specialized equipment which it designs, assembles, installs and operates. Such services fall into two categories: the electric stock and commodity quotation service for use by the financial community and special purpose, on and off-line, stored program and fixed program electronic data processing systems for use by industry in general. This includes special input and output devices, as well as associated special communications equipment. Since its organization in 1929 the company has furnished an automatic electric stock quotation service to subscribing members of various stock and commodity exchanges. About 600 Teleregister Boards are presently installed in brokerage offices in 83 cities throughout the country.

Ogden Corp., which holds 99.9% of the outstanding common shares of the company, plans to distribute its entire holdings of the stock to holders of Ogden Corp. common stock at the rate of one-half a share of Teleregister common for each share of Ogden Corp. common stock held on the record date. The balance of the Teleregister common shares held by Ogden Corp. will then be distributed to Teleregister as treasury stock.

This will result in a maximum of 2,852,578 shares of Teleregister common stock being outstanding in the hands of the public after the sale of the 240,000 common shares included in the offering of units herein being made. Teleregister Corp. will also have outstanding, following the current financing, $11,356,360 of sundry debt and 120,000 common stock subscription warrants.

For the year 1959, Teleregister Corp. and its subsidiary had consolidated net revenues of $11,549,594 and net income of $172,400.

W. G. Nielsen Branch

OJAI, Calif.—W. G. Nielsen Co. has opened a branch office in the Professional Building under the management of Hugh Baumberger.

Smith, Hague Office

KALAMAZOO, Mich. — Smith, Hague & Co. has opened a branch office at 201 Hanselman Building under the management of Thomas W. Peck.

Our Reporter on GOVERNMENTS

BY JOHN T. CHIPPENDALE, JR.

The recent reduction in the discount rate from 4% to 3½% by several of the Reserve banks was a surprise to the financial community only insofar as the timing of it was concerned. The monetary authorities indicated that the practical disappearance of inflation was the basic reason for decreasing the Central Bank rate. On the other hand, there is no question but what the future course of business was an important item of consideration in this move by the powers that be to make money and credit cheaper and more readily available. It had been expected, however, that margin requirements would be cut before the discount rate was pushed down.

This lowering of the Central Bank rate is an important money and capital market development since it confirms a major change in policy from "active restraint" to one of "neutrality" if not one of "ease." The whole structure of loaning rates will be favorably effected by this reduction in the discount rate.

Easier Credit Anticipated

The improved action in the money and capital market stems from the beliefs that money and credit conditions will continue to ease with the passing of time. The loaning position of the commercial banks, according to advices, has improved considerably and unless there is substantially more than a seasonal demand for funds the deposit institutions should continue to be in a comfortable spot as far as taking care of customers borrowing needs is concerned. For that matter, it would not be surprising to more than a few money market specialists if the prime bank rate were to be reduced any time now. Such a move would have a loosening effect on the whole rate structure for loans. A cut in the prime bank rate, following the decrease in the discount rate which had been out of line with short-term rates for quite some time, means that the move toward easier money was initiated by the monetary authorities.

Official Policy Altered

The discount rate, however, has not been a penalty rate for a long time and the fact that it has been well above the bill rate at times did not mean that it had to be brought down to a level that is more in line with the rate for the most liquid Treasury obligation. The discount rate, nonetheless, is an important force in the rate structure of borrowings since a change in this rate indicates that the policies of the monetary authorities are being altered.

Under existing conditions, the lowering of the Central Bank rate definitely means that the policy of "active restraint" has given way to at least one of "neutrality" with the prospects probably very good that there will be greater ease in money market conditions if the pattern of business continues to show a defensive tone. There appears to be no doubt but that the trend of economic conditions is going to dictate the future course of money and credit and, as long as the way in which business is going is downward, there will be less tightness in the cost of obtaining loanable funds.

Margin Reduction Looked For

The "open mouth" operations as far as the future course of margin requirements is concerned seems to indicate that there will be a downward revision from the 90% level currently in force to either the 70% or the 50% area in the very near future. This might be the next step taken by the powers that be in the move to put into operation a bit more forcefully the policy of "neutrality." There would most likely be increased use of money and credit with a lowering of margin requirements. This could be one of the ways in which some bolstering would be given to the economy since loans create deposits and the money supply would be enlarged at the same time.

The Market Per Se

The buying which is going on in Government obligations has been done principally by investors other than commercial banks although certain of these institutions have reportedly made modest commitments in Treasury bills and the shorter intermediate term issues. The out-of-town commercial banks have been and continue to put funds into the middle-term securities in fairly good sized amounts. As far as the real long-term Governments are concerned there has not been much change in these purchases even though dealers and traders appear to have stepped up their positioning of selected bonds. This is principally a professional market since better yields are still available in non-Federal bonds.

First Advance Refunding Operation

The Treasury in a surprise move tried out the "forward refunding" idea by offering the holders of the 2½s due Nov. 15, 1961 the opportunity to exchange part of them for either a 3¾% note due May 15, 1964 or a 3⅞% bond due May 15, 1968. The amount of this exchange is $3,500,000,000 for the four-year note and $1,500,000,000 for the eight-year bond. If the offer is accepted up to the limit of $5 billion, this would cut the Nov. 15, 1961 maturity in half. The terms of the exchange are looked upon as being favorable, and it will be open until Monday, June 13.

Bond Crier Out June 9th

Additional copies of *The Bond Crier*, humor yearly of the Municipal Bond Club of New York, which will be distributed to members and guests at the Annual Field Day, may be obtained from William Simon, Weeden & Co., 25 Broad Street, New York City. Price is $1.00.

The Field Day itself is being held at the Westchester Country Club, Rye, N. Y., June 10.

Now Guardian Securities

MIAMI, Fla.—The firm name of Mutual Fund Specialists, Inc. has been changed to Guardian Securities Corporation. Offices are now located in the Dade Federal Building.

Now Proprietor

Pauline W. Rosenbloom is now sole proprietor of The James Co., 639 Lexington Avenue, N. Y. City.

S. P. Levine Co.

S. P. Levine & Co., Inc., is now conducting its securities business from offices at 9 Maiden Lane, New York City.

Stitzer President of N. Y. Bond Club

Raymond D. Stitzer of White, Weld & Co. has been elected President of The Bond Club of New York to succeed William B. Chappell of The First Boston Corporation.

The election and annual meeting took place as one of the main events of the Bond Club Field Day at the Sleepy Hollow Country Club.

Raymond D. Stitzer W. Scott Cluett James F. Burns, III George Murnane Jr.

W. Scott Cluett of Harriman Ripley & Co., Incorporated was elected Vice-President to succeed Mr. Stitzer. The new officers also include James F. Burns, III of Blyth & Co., Inc., as Secretary, and George Murnane, Jr. of Lazard Freres & Co. as Treasurer.

Three new members of the Board of Governors also elected are: Maitland T. Ijams of W. C. Langley & Co.; Joseph Ludin of Dillon, Read & Co., Inc., and Allen J. Nix of Riter & Co.

What Does the Analyst of Securities Want to Know?

Continued from page 13

or failure of a given enterprise. Admittedly, in attempting to analyze management, we are dealing with *subjective* considerations rather than objective, such factors as personality, temperament, emotion, etc. These complex concepts represent a real challenge to an analyst. Nevertheless, the clue to a company's real value is to be found in a successful analysis of its management.

Now as I suggested earlier, when an analyst comes to visit he'll ask a lot of questions. In addition to questions, however, analysts draw a host of inferences from observations and impressions received while visiting and touring the plant.

As an example, on one occasion when I was travelling on a midwest itinerary the first stop that I made was at a large industrial concern in St. Paul. As I approached the group of buildings which comprised the company's offices and plants I was impressed by the beauty of the landscaping surrounding the entire area.

While not *all* of the buildings were new, the over-all architectural plan was one of simplicity and function, the buildings were all clean, well painted, and the grounds surrounding them were unusually well kept. As I entered the main gate a member of the company's security force approached and as soon as I gave him my name he affected instant recognition and said, "Oh yes, Mr. Johnson, we're expecting you."

Thus before I had even entered the company's offices I had received a favorable impression of management. The president had alerted his security officer at the gate to expect and to admit me.

By the time I had driven from the gate to the parking lot, and had entered the administrative building, the gate security officer had telephoned the receptionist advising her of my arrival so that when I entered the front door the receptionist greeted me by name, took my hat and coat, and immediately escorted me to the president's office.

I cite this illustration, because while it is not altogether unusual, it is by the same token far from typical. Perhaps consideration of such a seemingly trivial thing may appear without justification but an analyst's ultimate evaluation of a company—and its management — are predicated upon impressions received while visiting the company.

Now many things may be inferred from such a reception as that which I have just described, but it would certainly appear elementary that here is a management which is alert, considerate and business-like. Thus by the time I met the president and was invited to sit down in his office I had already formed certain favorable opinions concerning this company.

Mr. B's manner was very friendly but he also recognized the value of time—mine as well as his. This became apparent when he asked his secretary to invite the other members of his management team to join us so that I might meet them also. Within a matter of minutes these men were all in his office. He introduced me to them and we started to chat.

It was obvious that each of the executives not only had anticipated my visit but, in addition, had anticipated many of the questions which I might ask. Each of them had brought with him whatever materials he thought might be helpful in giving me the information I wanted. The vice-president in charge of sales, for example, had brought along charts and graphs showing historical results as well as projections for several years in the future.

The vice-president in charge of production supplemented his answers to my questions with projections of production expected to be achieved as a result of new equipment recently installed, as well as expanded production on existing assembly lines.

The controller had brought along an accounting record of *costs*, as related to production and sales. He pin-pointed several ways in which fixed costs were being reduced and the manner in which the cost of new equipment and machinery was being allocated. The industrial relations executive described in detail the status of the company's relationship with the several unions which were represented in the company's operations.

The vice-president in charge of research and development outlined in detail the program for R and D expenditures and the manner in which funds allocated for R and D were expected to be utilized.

My appointment had been for 10 o'clock and by the time I had finished talking with the company executives it was 12:30. The president had previously invited me to join him and his associates for luncheon in the company cafeteria . . . which provided one further opportunity for observations and impressions.

Following lunch the general manager conducted me on a tour of the entire plant during which time I was given every opportunity to ask questions. And, I asked not only department heads but also the men working in the plant—i. e. those on the assembly line, maintenance men, drivers making pick-ups and deliveries, scientists in the research division and engineers in the planning department.

Now, as may well be imagined, I learned a great deal about this company on that trip through the plant. I learned a great deal about the way in which the company plans its production, the various methods used in the actual manufacture of its products, final inspections, packaging of the products and preparation for shipment.

But, in addition to these things I learned a great deal about the company's over-all basic policy and general philosophy of doing business. And I didn't learn this from the answers to any of the questions which I asked (not because these fellows didn't know the answers nor—in this case at least — because I failed to ask all the questions). But, I learned a lot about this company by simply *looking*.

Trained to Look

Analysts, by nature, are a curious and inquisitive breed. We are frequently accused of snooping—and even sometimes of prying. But in our profession you train yourself to *look*, to look at —to look around—yes, and even to look through. And while we are doing all this looking we observe and form impressions, and draw certain inferences which, in turn, when pieced together will give us a pretty good picture of your company as we see it.

Just as an example of one of the things upon which opinions and impressions are based, for want of a better phrase I'll call, *housekeeping*. Here again, this may seem trivial and by itself that is undoubtedly true but, as a small part of a larger whole, housekeeping can be quite significant. The degree of cleanliness of the floors in a plant for example, of the machinery in the plant yes, and even of the men working in the plant, all these things suggest an overall tone.

Things such as these then are what "analysts want to know."

An analyst never seems to have enough time, and particularly on field trips. It seems as though you are never able to stay as long as you would like in any one place or with any one company. And such was the case in this instance. So late in the afternoon when I finished touring the plant and had again chatted with the company officials, I thanked the president and his staff for their cooperation and thoughtful consideration and went back to the hotel to dictate my notes.

This, was one of my more pleasant experiences in visiting a plant, chatting with management and attempting to analyze a company's prospects for the future. However, many field trips — in fact I suspect the majority—are not as gratifying as this one. If the experiences shared by many of my contemporaries have been similar to my own, and I suspect that they have, it is frequently more difficult — and more time consuming—to obtain the information necessary to permit evalua-

tion or analysis of a company's prospects.

Checking on Real Earnings Per Share

As an example, on another field trip which I made some time ago my experiences were somewhat different. In this case, while discussing the company's income statement with the president and financial vice-president, a question arose involving reported earnings per share. *Earnings per share* not only may fluctuate rather widely but, in addition, are occasionally subject to somewhat arbitrary determination. There are, for example, several ways by means of which the per share earnings of a company may appear either larger or smaller than they should be. Let's look at just two or three:

(1) By the allocation of certain items to a surplus account, rather than to an income account—or vice versa.

(2) By over- or understating amortization or sundry other reserve charges.

(3) By varying the capital structure as between senior and junior securities— e. g. debt and equity.

(4) By the optional employment of large amounts of capital not used directly in the conduct of the business.

Alert vs. Indifferent Analysts

Much the same as it is possible to distinguish between excellent and average *managements* in various companies, it is also possible to distinguish between alert and indifferent *analysts*. And it is precisely within fields such as this —i.e. intricacies of corporate accounting and financial policy — that such distinctions may be made.

Analyzing corporate income accounts frequently offer unbounded opportunities for astute analysis, for critical comparisons, for discovering a state of corporate affairs quite different from that which might be indicated by the published per share earnings. Thus in the study of corporate income accounts "the analyst wants to know," among other things:

(1) What are the *true* earnings for the period studied.

(2) What implications does the earning record of the company suggest as to the *future* earning power of the company.

(3) What *items* in the statement of income should be considered and what standards followed in attempting to draw certain conclusions as to a possible reasonable valuation of the equity shares.

Now the statements of most important companies today are audited by independent public accountants and their reports are usually dependable within the sphere of accounting accuracy. Nevertheless, from the standpoint of analysis, these audited statements occasionally require critical interpretation and, not infrequently, certain adjustments—especially with regard to three important considerations:

(1) Non-recurring profits and losses,

(2) Operations of subsidiaries or affiliates, and

(3) Reserves.

Thus when an analyst questions a treasurer or financial vice-president concerning a particular item in an income account the analyst is not attempting to pry into matters which are none of his affair nor is he either explicitly or implicitly attempting to question the methods employed by the controller. It is simply that in order to permit him to prepare a true analysis of a company's operations it may be necessary for him to inquire as to how certain items within the income statement have been treated.

For example, I recall one case in particular in which a company's reported net income and earnings per share for a given year appeared to be very favorable. However, on inquiring of the company officials as to the exact source of the income it was revealed that approximately 35% of the total amount reported as net income resulted from the sale of certain items of fixed assets. So, in preparing an analysis of this company it was necessary to deduct the amount received as a result of this sale from net income, in order to permit a more true reflection of the *operating* results of the company for that year.

Another example of "what analysts want to know."

Other situations which may require adjustments are such things as profit or loss on the sale of marketable securities, discounts or premiums on retirement of capital obligations, tax refund, etc. All of these items illustrate situations in which accounting procedure allows considerable leeway to management in the method of treating non-recurring items.

While it is of course entirely within managements' province to treat such items as they deem advisable, from the standpoint of the analyst such entries must be eliminated from any comparison or calculations of earning power, otherwise a true reflection of the company's capabilities is not possible.

Here's another example illustrating the necessity for analysts to inquire concerning certain entries on an income statement. I recall an instance in which a company reported as income for the year a rather sizable amount which it had received in settlement of a patent suit. Here again such an entry is obviously of a non-recurring nature and should have been deducted—or at least distinguished — from income reported as a result of the company's operations.

Generally speaking such things are stated quite clearly in a company's annual report. However, there are occasions when it is necessary to inquire of corporate officials as to precisely the *source* of income which has been reported.

A still further item in a company's income statement which frequently deserves more than a casual glance involves *inventories* and *reserves* for possible inventory losses. Analysis of these items is particularly advisable in attempting to compare companies within an industry in which inventory losses might normally be anticipated due, perhaps, to cyclical trends in the price of the raw materials used.

For example — just to cite a single illustration — consider the meat packing industry. Some time ago an analyst friend of mine called my attention to a situation in which two meat packing companies handled the matter of possible future inventory losses quite differently:

Company A set up a reserve of something over a million dollars for possible inventory losses. These funds were taken partly from surplus and partly from income. The following year the Controller reduced the opening inventory by this reserve which, in effect, increased the reported profit of Company A for that year by something in excess of one million dollars. However, the SEC (Securities and Exchange Commission) required the company to amend its registration statement so as to credit this amount to surplus and not to income.

On the other hand Company B set up a reserve for future inventory losses and reduced its reported earnings by a similar amount. Some years later, due to price changes, a decline in the value of the company's inventory did in fact occur. However, instead of drawing on the reserve set up for this purpose, Company B's Controller charged the full loss against the year's operating results, and then transferred an amount from the reserve account directly to surplus.

Thus Company B's income for this period actually was *understated* since amounts were actually taken out of income and placed in the surplus account.

So, with respect to *inventories* an analyst must attempt to make whatever adjustments may be necessary in comparing two companies which may be using somewhat different methods of inventory accounting.

For example, some firms take the inventory at the close of the year at the lower of cost or market, then by adding purchases to the opening inventory and subtracting the closing inventory the "cost of goods sold" is obtained.

Other firms however prefer to take as the cost of goods sold the actual amount paid, for the most recently acquired lots, i.e., LIFO (last in first out). The theory here of course is that the selling price may be related mainly to the current replacement price, or the recent cost of the article sold.

This treatment obviously is opposed to the FIFO—first in first out—method.

These also then are things that "the analyst wants to know."

A still further point which deserves comment I believe concerns the item *"Depreciation."* Most companies follow the standard policy of charging an appropriate depreciation rate against each class of depreciable asset. (This can be determined—i.e., the individual practice of a given company — by checking the New York Stock Exchange listing application or, by examining a prospectus or registration statement).

Nevertheless an analysis of the depreciation item is advisable as frequently very significant inferences may be drawn from the results of such an examination.

Of particular significance is an analysis of depreciation in examining or comparing companies in, for example, petroleum or mining industries. Here, in addition to ordinary depreciation, companies in these industries must allow also for *depletion* of their *reserves*. Moreover companies in the petroleum industry have additional charges for intangible drilling costs and for unproductive leases. These items are important —and significant—because of their bearing on true profits.

The typical large oil producer normally spends substantial amounts of money each year on new leases and on new wells. These additional holdings are needed of course to compensate for the reduction of reserves through production. For example, a new well *may* yield as high as 80% of its total output during the first year. Thus nearly all the cost of production from such a well must be written off in a single fiscal period and, from an accounting standpoint, most of the earnings from this source, in reality, are a return of capital.

Thus you can see if the investment is not written off rapidly, through such things as depletion charges, both the profit and the value of the property account will be grossly overstated.

So, in addition to questions concerning both depreciation and depletion "analysts also want to know" about the accounting treatment of such things as unprofitable leases and intangible drilling costs.

Learning a Company's Competition

Now, before concluding, there's one further point about which analysts want to know, a company's *competition*. Some of the most valuable clues I've ever discovered have resulted from discussions with competitors of a firm which I have been studying. And I don't mean to suggest that such discussions produced any necessarily derogatory statements.

It is simply that, frequently, a company's competitors may have observed something about the company's operation which, because of obvious *subjective* limitations, the company itself has not recognized at all. A case of the "forest for the trees."

Speaking of competition, one of the measurements of the capability of management is its ability to cope effectively with competition. And I don't mean merely competition from such things as lower prices but, perhaps even more significantly, competition from new commodities, new technologies, new sources of supply, new types of organization. These are things then that analysts want to know.

I hope that some of the things that I have said will be of help in understanding what an analyst looks for during a visit to a company. It has been possible only to sketch briefly some of my own thoughts on this subject. Nevertheless, in conclusion, I should like to stress one point which to me is all important, and I think in fact might serve to summarize my remarks. That point is this: In answer to the question "What Do Security Analysts Want To Know?" my answer would be we want to know *management*. As I have suggested before, an estimate of a company's prospects, in great measure, is predicated upon an analysis of that company's management.

After an analyst has conducted a thorough and comprehensive preliminary review of a company's operations for many years in the past—including the preparation of spread sheets, similar to the one which we discussed earlier — an accurate analysis of a *company* may depend upon an *analysis of management*.

That's why I think a most appropriate answer to "what do analysts want to know" might be, "we want to know *management*" . . . for only in knowing management will it be possible for us to attempt an evaluation of the prospects and possibilities of a company and the prospective longer-term value of a company's securities.

*An address by Mr. Johnson before the American Management Association's 1960 Seminar, San Francisco, Calif.

Within Seven Seconds of Wall Street

John L. Loeb, Senior Partner of Carl M. Loeb, Rhoades & Co., pushes the button setting into operation the firm's new automated communications network linking 110 cities. Walter P. Marshall, President of Western Union, designers, engineers and builders of the complex system, looks on.

Investors, no matter where they live in the United States, were brought within seven seconds of Wall Street June 8 when John L. Loeb, senior partner of Carl M. Loeb, Rhoades & Co., pushed a button setting in operation the firm's new automated communications network, linking 110 cities.

The 25,000-mile private, high-speed telegraph network puts all of the offices of its correspondents and branches in contact with the main New York office of Carl M. Loeb, Rhoades & Co. and the stock and commodity exchanges within seconds. It operates at a speed of 450 characters per minute, reducing by half the amount of time formerly needed to transmit buy and sell orders.

Walter P. Marshall, president of Western Union, which designed, engineered, and built the complex system, joined Mr. Loeb in sending inaugural messages simultaneously to the 110 brokerage offices. Seconds later the first order arrived at Loeb, Rhoades' office over one of the 12 communications units and was placed on one of a series of continuous high-speed belts of a 188-foot conveyor system taking the order to the proper department for execution.

Besides transmitting buy and sell orders, the automated system, located in Loeb, Rhoades' newly constructed communications center on the 16th Floor at 40 Wall Street, can be used to provide a constant flow of financial news, comment and analysis.

One of the major features of the system is the automatic electronic segregation and distribution of orders and messages from all points on the network to 11 stations in the Loeb, Rhoades order room. Each station handles the segregated orders for round lots, odd lots, American Stock Exchange, unlisted securities, commodities, and quote requests, as well as administrative and other traffic.

The Loeb, Rhoades network is completely automatic in both inbound traffic to the New York headquarters and in outbound traffic to all offices on the system. All offices can also interchange messages with each other, and important "flash" messages can be sent simultaneously to all stations on selected circuits. Each office has full automatic access to all other offices in sending or receiving traffic. This flexibility is made possible by the simple insertion of a proper code symbol at the start of a message. The system has also been engineered for the handling of integrated data processing traffic.

Ettinger Joins Investors Div.

MINNEAPOLIS, Minn.—Hugh M. Ettinger has become associated with Investors Diversified Services, Inc., Investors Building, in the investment division, specializing in bank, insurance and finance stocks. Mr. Ettinger was formerly with Merrill Lynch, Pierce, Fenner & Smith, Incorporated.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

NOTE—Because of the large number of issues awaiting processing by the SEC, it is becoming increasingly difficult to predict offering dates with a high degree of accuracy. The dates shown in the index and in the accompanying detailed items reflect the expectations of the underwriter but are not, in general, to be considered as firm offering dates.

• A. K. Electric Corp. (6/13-17)
May 4 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—231 Front St., Brooklyn, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Ave., New York, N. Y.

★ Agricultural Research Development, Inc.
May 23 (letter of notification) 120,000 shares of common stock (par five cents). **Price**—$2.50 per share. **Proceeds**—For construction of buildings, purchase of equipment and for working capital. **Address**—Wiggins, Colo. **Underwriter**—Ladet & Co., Inc., Denver, Colo.

Airport Parking Co. of America (6/13-17)
April 27 filed 42,574 shares of class A common stock (no par), including 25,000 shares to be issued and sold by the company and 17,574 shares which are outstanding and will be offered by the holders thereof. **Price** — To be supplied by amendment. **Proceeds**—Principally for various leasehold improvements. **Office**—1308 Prospect Ave., Cleveland, Ohio. **Underwriters**—L. F. Rothschild & Co., New York, and Murch & Co., Inc., Cleveland, Ohio.

Alaska Empire Gold Mining Co.
April 12 (letter of notification) $300,000 of 6% income notes to be offered in multiples of $100 each. **Price**—At face value. **Proceeds**—For mining expenses. **Address**—Juneau, Alaska. **Underwriter** — Stauffer Investment Service, 1206 N. W. 46th Street, Oklahoma City, Okla.

Alberta Municipal Financing Corp. (6/16)
May 19 filed $30,000,000 of sinking fund debentures, due June 15, 1985, and to be unconditionally guaranteed by the Province of Alberta. **Price** — To be supplied by amendment. **Proceeds**—To be applied, after conversion into Canadian funds, to the reduction of short-term bank loans amounting to approximately $1,700,000 incurred to provide working capital and to the purchase of securities of municipalities, cities, towns and villages within Alberta, Canada, as loan applications are appproved. **Underwriters**—The First Boston Corp. and Wood, Gundy & Co., Inc., both of New York.

Ald, Inc. (6/13-17)
April 28 filed 335,880 shares of common stock (par $1), of which 210,880 shares are outstanding and will be offered for the account of the holders thereof and 125,000 will be issued and sold by the company. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—7045 North Western Ave., Chicago, Ill. **Underwriter**—Dean Witter & Co., Chicago and New York.

Alderson Research Laboratories, Inc. (6/20-24)
May 26 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—48-14 33rd St., Long Island City, N. Y. **Underwriter** — Morris Cohon & Co., New York, N. Y.

Allied Bowling Centers, Inc.
Dec. 29 filed $750,000 of sinking fund debentures and 300,000 shares of capital stock, to be offered in units of $75 principal amount of debentures and 30 shares of stock. **Price**—$108 per unit. **Proceeds**—For general corporate purposes. **Office**—Arlington, Texas. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas. **Note** — This offering has been postponed.

★ Allservice Life Insurance Co.
May 24 (letter of notification) 108,452 shares of common stock (par $1) of which 50,000 shares are to be offered to the public; 36,350 shares are to be offered for subscription to holders of class B stock in exchange for an equal amount of common stock and 22,102 shares are to be offered to stockholders of Western International Life Co. in exchange for stocks of that company. **Price**—To the public, $3 per share; to stockholders of Allservice, at $1 per share and to stockholders of Western, at $2.80 per share. **Proceeds**—For capital account and part to be paid in surplus of the company. **Office**—416 N. Tejon Street, Colorado Springs, Colo. **Underwriter**—None.

Alside, Inc. (6/15)
April 28 filed 300,000 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—Together with an additional sum of $6,000,000 to be borrowed for institutional lenders, will be used to provide consumer financing for the company's products by purchasing consumer paper from the company's distributors and dealers. **Office**—1415 Waterloo Road, Akron, Ohio. **Underwriter**—Reynolds & Co., Inc., New York.

Ameco Electronic Corp. (6/27- 7/1)
May 19 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 37 E. 18th Street, New York, N. Y. **Underwriter**—Palombi Securities Co., New York, N. Y.

Continued on page 31

NEW ISSUE CALENDAR

June 10 (Friday)

Dynamic Films, Inc.__Common
(Morris Cohon & Co.) $300,000

Elco Corp.__Common
(S. D. Fuller & Co.) 87,809 shares

Elco Corp.__Warrants
(S. D. Fuller & Co.) 82,065

Elco Corp.__Debentures
(S. D. Fuller & Co.) $1,000,000

Equitable Leasing Corp.__Common
(Courts & Co.) $100,000

Laboratory For Electronics, Inc.__Common
(Offering to stockholders—underwritten by Paine, Webber, Jackson & Curtis) 63,790 shares

National Packaging Corp.__Common
(First Securities Corp.) $360,000

Yale Express System, Inc.__Class A
(Michael G. Kletz & Co., Inc.) $1,650,000

June 13 (Monday)

A. K. Electric Corp.__Common
(Hilton Securities, Inc.) $300,000

Airport Parking Co.__Common
(L. F. Rothschild & Co. and Murch & Co., Inc.) 42,574 shares

Ald, Inc.__Common
(Dean Witter & Co.) 335,880 shares

American Penn Life Insurance Co.__Capital
(Offering to stockholders—no underwriting) $3,570,000

Cabana Pools, Inc.__Common
(Mandell & Kahn, Inc.) $300,000

Chemical Packaging Co., Inc.__Common
(Mainland Securities Corp. and Jeffrey-Robert Corp.) $287,500

Coca-Cola Bottling Co. of New York, Inc.__Com.
(Eastman Dillon, Union Securities & Co.) 298,204 shares

Continental Capital Corp.__Capital
(McDonnell & Co.) $3,290,000

Crawford Corp.__Common
(A. G. Becker & Co., Inc.) 200,000 shares

Development Credit Corp. of Maryland__Common
(No underwriting) $2,200,000

Doak Pharmacal Co., Inc.__Common
(Ross Securities, Inc.) $300,000

Figurette, Ltd.__Common
(Myron A. Lomasney & Co.) $600,000

Friendly Frost Inc.__Common
(No underwriting) $1,125,000

Great American Realty Corp.__Debentures
(Louis L. Rogers Co. and Hilton Securities, Inc.) $2,000,000

Great American Realty Corp.__Class A
(No underwriting) 110,000 shares

Hampshire Gardens Associates__Units
(B. C. Morton & Co., Inc.) $376,000

Henderson's Portion Pak, Inc.__Common
(Burnham & Co.) 200,000 shares

Howe Plastics & Chemical Companies, Inc.__Com.
(Hilton Securities, Inc.) $180,000

McGowen Glass Fibers Corp.__Common
(Simmons, Rubin & Co., Inc.) $300,000

Republic Graphics Inc.__Common
(Arrin & Co., Inc.; T. M. Kirsch & Co. and Robert A. Martin Associates, Inc.) $300,000

Security Industrial Loan Association__Debentures
(Lee Higginson Corp.) $500,000

Security Industrial Loan Association__Common
(Lee Higginson Corp.) 50,000 shares

(A. G.) Spalding & Bros. Inc.__Common
(Offering to stockholders—no underwriting) $1,709,680

Thermal Industries of Florida, Inc.__Common
(Peter Morgan & Co.) $720,000

Westmore, Inc.__Common
(Jacey Securities Co.) $300,000

Whitmoyer Laboratories, Inc.__Common
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $510,000

Whitmoyer Laboratories, Inc.__Debentures
(Hallowell, Sulzberger, Jenks, Kirkland & Co.) $500,000

June 14 (Tuesday)

Bowers Battery & Spark Plug Co.__Common
(Dempsey-Tegeler & Co.) $1,500,000

Consolidated Edison Co. of New York__Bonds
(Bids 11 a.m. EDT) $50,000,000

Long Island Trust Co.__Capital
(Offering to stockholders—No underwriting) $1,412,599

Speed-Way Food Stores Inc.__Common
(J. J. Krieger & Co., Inc.) $300,000

Telecomputing Corp.__Common
(Dean Witter & Co.) 100,000 shares

June 15 (Wednesday)

Alside, Inc.__Common
(Reynolds & Co., Inc.) 300,000 shares

American Frontier Life Insurance Co.__Capital
(Union Securities Investment Co.) $1,600,000

American International Aluminum Corp.__Common
(Hardy & Co. and Filor, Bullard & Smyth) 400,000 shares

Brush Beryllium Co.__Common
(Kuhn, Loeb & Co. and McDonald & Co.) 410,206 shares

Federal Steel Corp.__Common
(Westheimer & Co.) $295,000

General Atronics Corp.__Common
(Harrison & Co.) $544,810

General Meters, Inc.__Common
(Offering to stockholders—underwritten by Peters Writer & Christensen, Inc.) $157,054.50

Harnischfeger Corp.__Preferred
(The First Boston Corp.) 60,000 shares

Mattel, Inc.__Common
(Bache & Co.) 300,000 shares

Monowall Homes, Inc.__Common
(American Diversified Securities, Inc.) $300,000

National Old Line Life Insurance Co.__Common
(Equitable Securities Corp.) 128,329 shares

Safticraft Corp.__Common
(George, O'Neill & Co., Inc.) $825,000

Sire Plan of Normandy Isle, Inc.__Debentures
(Sire Plan Portfolios, Inc.) $225,000

Sire Plan of Normandy Isle, Inc.__Preferred
(Sire Plan Portfolios, Inc.) 4,500 shares

Thurow Electronics, Inc.__Common
(Donald V. Stabell) $600,000

Uranium Reduction Co.__Common
(A. C. Allyn & Co., Inc.) 200,000 shares

Waltham Precision Instrument Co., Inc.__Common
(Offering to stockholders—underwritten by Schweickart & Co.) 700,000 shares

June 16 (Thursday)

Alberta Municipal Financing Corp.__Debentures
(The First Boston Corp. and Wood, Gundy & Co., Inc.) $30,000,000

Interstate Finance Corp.__Common
(Goldman, Sachs & Co.) 150,000 shares

Savannah Electric & Power Co.__Debentures
(Bids 11:00 a. m. EDT) $3,000,000

Savannah Electric & Power Co.__Bonds
(Bids 11:00 a. m. EDT) $5,000,000

June 20 (Monday)

Alderson Research Laboratories, Inc.__Common
(Morris Cohon & Co.) $300,000

American Rubber & Plastics Corp.__Common
(Hornblower & Weeks) 200,000 shares

Bevis Shell Homes, Inc.__Debentures
(G. H. Walker & Co. and Bell & Hough, Inc.) $1,600,000

Bevis Shell Homes,, Inc.__Common
(G. H. Walker & Co. and Bell & Hough, Inc.) 1,000,000 shares

Chemo-Vive Processes, Inc.__Common
(General Investing Corp.) $150,000

Columbia Technical Corp.__Common
(Diran, Norman & Co., Inc.; Cortland Investing Corp. and V. S. Wickett & Co., Inc.) $300,000

Custom Craft Marine Co., Inc.__Common
(R. A. Holman & Co., Inc.) $255,000

E. S. C. Electronics Corp.__Common
(Laird, Bissell & Meeds) $300,000

Esquire Radio & Electronics, Inc.__Common
(Myron A. Lomasney & Co.) $750,000

Fairmount Finance Corp.__Common
(J. T. Patterson & Co., Inc.) $290,000

Farrington Manufacturing Co.__Debentures
(Cyrus J. Lawrence & Sons and Brawley, Cathers & Co.) $6,000,000

Faultless Caster Corp.__Common
(Hayden, Stone & Co.) 250,000 shares

Federated Electronics, Inc.__Common
(J. B. Coburn Associates, Inc.) $300,000

First National Realty & Construction Corp.__Pfd.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.__Com.
(H. Hentz & Co.) 150,000 shares

First National Realty & Construction Corp.__War.
(H. Hentz & Co.) 150,000

Florida Builders, Inc.__Common
(Jaffee & Co.) 80,000 shares

General Drive-In Corp.__Common
(Paine, Webber, Jackson & Curtis) 180,000 shares

General Sales Corp.__Common
(B. Fennekohl & Co., Inc.) 90,000 shares

Hudson Vitamin Products, Inc.__Common
(Bear, Stearns & Co.) 212,500 shares

Kenrich Petrochemicals, Inc.__Common
(First Philadelphia Corp.) $192,500

Kenrich Petrochemicals, Inc.__Debentures
(First Philadelphia Corp.) $175,000

Lasco Industries__Common
(Holton, Henderson & Co.) $300,000

Martin-Parry Marine Corp.__Common
(Edward H. Stern & Co.) $300,000

Medallion Pictures Corp.__Debentures
(Hancock Securities Corp.) $300,000

Movielab Film Laboratories, Inc.__Common
(Granbery, Marache & Co.) 100,000 shares

OK Rubber Welders, Inc.__Common
(Bosworth, Sullivan & Co., Inc.) 50,000 shares

Oxford Manufacturing Co., Inc.__Common
(W. C. Langley & Co. and Courts & Co.) 240,000 shares

Sea-Highways, Inc.__Common
(John R. Maher Associates) $300,000

Service Instrument Corp.__Common
(Pearson, Murphy & Co., Inc.) $300,000

Southern Union Gas Co.__Debentures
(A. C. Allyn & Co., Inc. and Snow, Sweeney & Co., Inc.) $12,000,000

Talcott (James), Inc. — Common
(F. Eberstadt & Co. and White, Weld & Co.) 150,000 shares

Talcott (James), Inc. — Notes
(F. Eberstadt & Co. and White, Weld & Co.) $20,000,000

June 21 (Tuesday)

Electrada Corp. — Common
(Bache & Co.) 400,000 shares

Oslo (City of) Norway — Bonds
(Kuhn, Loeb & Co.; Harriman Ripley & Co.; Lazard Freres & Co. and Smith, Barney & Co.) $10,000,000

June 22 (Wednesday)

Bruce National Enterprises, Inc. — Common
(George, O'Neill & Co., Inc.) $2,010,000

Harvey Aluminum, Inc. — Common
(Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day) 750,000 shares

June 24 (Friday)

Miles Laboratories, Inc. — Debentures
(Offering to stockholders—underwritten by The First Boston Corp) $8,300,000

Northwest Natural Gas Co. — Preferred
(Lehman Brothers) 60,000 shares

June 27 (Monday)

Ameco Electronic Corp. — Common
(Palombi Securities Co.) $300,000

American Bowla Bowla Corp. — Units
(Hill, Thompson & Co., Inc.) $312,500

Arkansas Western Gas Co. — Common
(Snow, Sweeney & Co., Inc. and A. C. Allyn & Co., Inc.) 50,000 shares

Atlas Bowling Centers, Inc. — Common
(Keller & Co.) 100,000 shares

Automatic Cafeterias for Industry, Inc. — Common
(Richard Gray Co.) $126,600

C. F. C. Funding Inc. — Common
(Darius, Inc.) $150,000

Cellomatic Battery Corp. — Units
(Willis E. Burnside & Co., Inc.) $300,000

Chemtree Corp. — Common
(Havener Securities Corp.) $262,750

Compressed Concrete Construction Corp. — Common
(Capital Accumulation Corp.) $300,000

Edgerton, Germeshausen & Grier, Inc. — Common
(Kidder, Peabody & Co.) 120,000 shares

Espey Mfg. & Electronics Corp. — Common
(Sutro Bros. & Co.) 80,000 shares

Franklin Corp. — Common
(Blair & Co., Inc.) $10,000,000

Garrett Corp. — Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 100,000 shares

Gem International, Inc. — Common
(Bosworth, Sullivan & Co., Inc. and Scherck, Richter Co.) 150,000 shares

Goelet Corp. — Debentures
(Ross, Lyon & Co., Inc. and Globus, Inc.) $700,000

Goelet Corp. — Common
(Ross, Lyon & Co., Inc. and Globus, Inc.) 70,000 shares

Goelet Corp. — Warrants
(Ross, Lyon & Co., Inc. and Globus, Inc.) 35,000

Gulf States Utilities Co. — Bonds
(Bids noon EDT) $17,000,000

Gulf-Tex Development, Inc. — Common
(Myron A. Lomasney & Co.) $1,250,000

Hamilton Cosco, Inc. — Common
(Smith, Barney & Co., Inc. and City Securities Corp.) 300,000 shares

Hotel Corp. of America — Debentures
(Bache & Co. and Bear, Stearns & Co.) $1,500,000

I C Inc. — Common
(Purvis & Co. and Amos C. Sudler & Co.) $1,500,000

Illinois Beef, L. & W. S., Inc. — Common
(Amos Treat & Co., Inc.) $2,000,000

Lamtex Industries, Inc. — Common
(Finkle, Seskis & Wohlstetter) $500,000

Lee Motor Products, Inc. — Common
(Godfrey, Hamilton, Magnus & Co., Inc.) $561,000

Montgomery Ward Credit Corp. — Debentures
(Lehman Brothers) $50,000,000

Navigation Computer Corp. — Common
(Drexel & Co. and Townsend, Crouter & Bodine) 50,709 shares

Obear-Nester Glass Co. — Common
(Merrill Lynch, Pierce, Fenner & Smith, Inc.) 210,045 shares

Polycast Corp. — Debentures
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) $400,000

Polycast Corp. — Common
(M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc.) 20,000 shares

Powertron Ultrasonics Corp. — Common
(No underwriting) $410,000

Pyramid Electric Co. — Common
(No underwriting) $291,443.75

Reeves Broadcasting & Development Corp. — Com.
(Laird & Co. Corp.) $2,336,960

Saucon Development Corp. — Common
(P. Michael & Co.) number of shares unknown

Sierra Electric Corp. — Common
(Marron, Sloss & Co., Inc.) $900,000

Stelma, Inc. — Common
(Amos Treat & Co., Inc.) 175,000 shares

Swimming Pool Development Co., Inc. — Common
(Marron, Sloss & Co., Inc.) $1,250,000

Trans Tech Systems, Inc. — Common
(Myron A. Lomasney & Co.) $650,000

Triumph Storecrafters Corp. — Common
(Hardy & Hardy and First Southeastern Co.) 145,000 shares

United States Boat Corp. — Common
(Richard Bruce & Co., Inc.) $700,000

Win-Chek Industries, Inc. — Class A
(Michael G. Kletz & Co.) $450,000

June 28 (Tuesday)

Bausch & Lomb Inc. — Debentures
(Offering to stockholders—underwritten by Stone & Webster Securities Corp.) $6,657,900

Tampa Electric Co. — Bonds
(Bids 11:00 a. m.) $25,000,000

July 1 (Friday)

Central Illinois Electric & Gas Co. — Bonds
(Bids to be invited) $10,000,000

Dalto Corp. — Common
(No underwriting) 134,739 shares

July 5 (Tuesday)

American Sterilizer Co. — Common
(Glore, Forgan & Co. and Fulton, Reid & Co., Inc.) 150,000 shs.

Arco Electronics, Inc. — Common
(Michael G. Kletz & Co., Inc.) 140,000 shares

Associated Testing Laboratories, Inc. — Common
(Drexel & Co.) 75,000 shares

Futterman Corp. — Class A
(Reynolds & Co.) 660,000 shares

Itemco, Inc. — Common
(Morris Cohon & Co. and Schrijver & Co.) $500,000

Midwest Technical Development Corp. — Common
(Offering to stockholders—underwritten by Shearson, Hammill & Co. and Piper, Jaffray & Hopwood) 561,500 shares

Namm-Loeser's Inc. — Common
(Offering to stockholders—Underwritten by Ladenburg, Thalmann & Co.) 217,278 shares

July 6 (Wednesday)

Illinois Bell Telephone Co. — Bonds
(11:00 a. m. EDT) $50,000,000

Sierra Pacific Power Co. — Bonds
10:30 a.m.EDT) $3,500,000

July 7 (Thursday)

Gulf Power Co. — Preferred
(11:00 a.m. EDT) $5,000,000

Gulf Power Co. — Bonds
(11:00 a.m. EDT) $5,000,000

Mississippi River Fuel Corp. — Debentures
(Eastman Dillon, Union Securities & Co.) $24,000,000

July 8 (Friday)

Laclede Gas Co. — Common
(Lehman Brothers; Merrill Lynch, Pierce, Fenner & Smith, Inc.; and Reinholdt & Gardner) Offering to stockholders—243,600 shares

New Britain Gas Light Co. — Common
(Offering to stockholders—underwritten by Putnam & Co.) 16,000 shares

July 11 (Monday)

Brockway Glass Co., Inc. — Common
(Lehman Brothers & Blyth & Co., Inc.) 162,000 shares

Commonwealth Development & Construction Company — Common
(Vickers, Christy & Co., Inc.; First City Securities, Inc.) $300,000

Conetta Manufacturing Co., Inc. — Common
(Pearson, Murphy & Co., Inc.) $500,000

Consolidated Research & Mfg. Corp. — Units
(Bertner Bros.) $325,000

Glass Magic Boats, Inc. — Common
(R. A. Holman & Co., Inc.) 68,000 shares

Glass Magic Boats, Inc. — Debentures
(R. A. Holman & Co., Inc.) $51,000

Laclede Gas Co. — Bonds
(Bids 11:00 a. m. EDT) $10,000,000

Pauley Petroleum Inc. — Debentures
(William R. Staats & Co.) $10,000,000

Rajac Self-Service, Inc. — Common
(Walter R. Blaha & Co., Inc.) $300,000

Sav-A-Stop, Inc. — Common
(Pistell, Crow Inc.) $450,000

July 13 (Wednesday)

Northern Illinois Gas Co. — Bonds
(Bids 10:00 a. m. CDST) $30,000,000

July 14 (Thursday)

Varian Associates — Capital
(Offering to stockholders—underwritten by Dean Witter & Co.) 216,645 shares

July 15 (Friday)

Basic, Inc. — Common
(The First Boston Corp.) 123,808 shares

July 18 (Monday)

Astrotherm Corp. — Units
(Ross, Lyon & Co., Inc. and Globus, Inc.) $616,000

July 19 (Tuesday)

New Jersey Power & Light Co. — Bonds
(11:00 a.m. EDT) $5,000,000

July 25 (Monday)

Deluxe Aluminum Products, Inc. — Common
(R. A. Holman & Co., Inc.) $350,000

Deluxe Aluminum Products, Inc. — Debentures
(R. A. Holman & Co., Inc.) $330,000

July 26 (Tuesday)

Consumers Power Co. — Debentures
(Bids to be invited) $38,101,600

Southern Counties Gas Co. — Bonds
(Bids to be invited)

August 1 (Monday)

Kings Electronics Co., Inc. — Units
(Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co.) $800,000

Pearson Corp. — Common
(R. A. Holman & Co., Inc.) 50,000 shares

August 9 (Tuesday)

Southwestern Bell Telephone Co. — Debentures
(11 a.m. EDT) $100,000,000

August 23 (Tuesday)

Michigan Bell Telephone Co. — Debentures
(Bids to be invited) $35,000,000

Southern California Edison Co. — Bonds
(Bids to be invited) $60,000,000

September 13 (Tuesday)

Virginia Electric & Power Co. — Bonds
(Bids to be invited) $25,000,000

September 14 (Wednesday)

Utah Power & Light Co. — Debentures
(Bids to be invited) $17,000,000

Utah Power & Light Co. — Common
(Bids to be invited) $10,000,000

September 20 (Tuesday)

Public Service Electric & Gas Co. — Bonds
(Bids to be invited) $50,000,000

September 27 (Tuesday)

Indianapolis Power & Light Co. — Bonds
(11:00 a. m. N. Y. Time) $12,000,000

October 4 (Tuesday)

Alberta Gas Trunk Line Co. — Bonds
(No underwriting) $65,000,000

October 18 (Tuesday)

Louisville Gas & Electric Co. — Bonds
(Bids to be invited) $16,000,000

October 20 (Thursday)

Florida Power Corp. — Bonds
(Bids to be invited) $25,000,000

November 3 (Thursday)

Georgia Power Co. — Bonds
(Bids to be invited) $12,000,000

December 6 (Tuesday)

Northern States Power Co. (Minn.) — Bonds
(Bids to be invited) $35,000,000

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● American Bowla-Bowla Corp. (6/27-7/1)
April 15 filed 100,000 shares of common stock and warrants for the purchase of an additional 50,000 shares. The company proposes to offer these securities for public sale in units consisting of two shares of stock (par 25 cents) and one warrant. **Price**—$6.25 per unit. **Proceeds**—To cover an initial installment on the purchase price of two additional bowling centers; for furniture and fixtures thereon; and the balance to be added to working capital and be available for general corporate purposes. **Office**—400 38th St., Union City, N. J. **Underwriter**—Hill, Thompson & Co., Inc., New York.

American Capital Life Insurance Co.
April 15 filed 96,450 shares of class "A" common capital stock. **Price**—$5.80 per share **Proceeds**—For general corporate purposes. **Office**—917 15th St., N. W., Washington, D. C. **Underwriter**—None.

American Frontier Life Insurance Co. (6/15)
Nov. 30 filed 200,000 shares of capital stock. **Price**—$8 per share. **Proceeds** — To increase capital and surplus. **Office**—1455 Union Ave., Memphis, Tenn. **Underwriter**—Union Securities Investment Co., also of Memphis, which will receive a selling commission of $1.20 per share.

● American International Aluminum Corp. (6/15)
April 13 filed 400,000 shares of common stock (par 25c). **Price** — To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—4851 N. W. 36th Ave., Miami, Fla. **Underwriters**—Hardy & Co. and Filor, Bullard & Smyth, both of New York.

★ American League Professional Football Team of Boston, Inc.
June 3 filed 120,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — For improvement of the Boston University Field, and the balance to pay organization expenses and for working capital. **Office** — 522 Commonwealth Avenue, Boston, Mass. **Underwriters**—Estabrook & Co. and F. S. Moseley & Co. both of Boston, Mass.; and Tucker, Anthony & R. L. Day and White, Weld & Co. both of New York City. **Offering**—Expected sometime in July.

American Mortgage Investment Corp.
April 29 filed $1,800,000 of 4% 20-year collateral trust bonds and 1,566,000 shares of class A non-voting common stock. It is proposed that these securities will be

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offered for public sale in units (2,000) known as Investment Certificates, each representing $900 of bonds and 783 shares of stock. **Price**—$1,800 per unit. **Proceeds**—To be used principally to originate mortgage loans and carry them until market conditions are favorable for disposition. **Office** — 210 Center St., Little Rock, Ark. **Underwriter**—Amico, Inc.

American Penn Life Insurance Co. (6/13-17)
March 30 filed registration of 127,500 shares of capital stock (par $10) to be offered for subscription by stockholders of record on April 28, 1960 with rights to expire 30 days from offering date. Subscription rate on 105,000 shares of the stock will be three additional shares for each one share held. Of the remaining 22,500 shares the offering will be on the basis of nine shares for each 14 shares held, and all unsold shares of this block will be offered under warrants granted in accordance with the company's Agent's Stock Option Plan. **Price**—$28 per share. **Proceeds** — To increase capital and surplus. **Office**—203 S. 15th St., Philadelphia, Pa. **Underwriter**—None.

American Rubber & Plastics Corp. (6/20-24)
May 11 filed 200,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — La Porte, Ind. **Underwriter** — Hornblower & Weeks, New York City.

American & St. Lawrence Seaway Land Co.
Jan. 27 filed 538,000 shares of common stock, of which 350,000 shares are to be publicly offered. **Price**—$3 per share. **Proceeds**—To pay off mortgages, develop and improve properties, and acquire additional real estate. **Office**—60 E. 42nd St., New York City. **Underwriter**—A. J. Gabriel Co., Inc., New York City.

American Security Corp.
March 28 filed 100,000 shares of capital stock (par $2). The company is an affiliate of American Security & Trust Co. by reason of the fact that each of their stockholders owns the same number of outstanding shares of each entity. It is proposed to offer the 100,000 shares of American Security stock and a like number of shares of the $10 par capital stock of the Trust Company in units of one share of stock of each issuer; and the units are being offered for subscription by stockholders of each issuer of record May 25 at the rate of one new share for each five shares held with rights to expire on June 14 at 3:30 p.m. EDT. **Price** — $55 per unit. **Proceeds** — American Security will use its proceeds in part to repay current indebtedness incurred incident to the purchase of the non-banking assets of The City Bank of Washington, with the balance added to working capital for general corporate purposes. **Office**—734 15th Street, N. W., Washington, D. C. **Underwriters**—Alex Brown & Sons, Baltimore, Md.; Folger, Nolan, Fleming-W. B. Hibbs & Co., Inc. and Johnston Lemon & Co., Washington, D. C.; and Kidder, Peabody & Co., New York.

● **American Stereophonic Corp.**
April 11 (letter of notification) 50,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—17 W. 60th St., New York, N. Y. **Underwriter**—D. H. Victor & Co., Inc., New York, N. Y. **Offering**—Imminent.

American Sterilizer Co. (7/5-8)
May 20 filed 150,000 shares of common stock (par $3.33⅓). **Price**—To be supplied by amendment. **Proceeds**—Of the net proceeds from the sale, approximately $600,000 will be available to AMSCO Laboratories, Inc., a wholly-owned subsidiary, as an additional advance for the completion of a new manufacturing plant. The balance will be used to reduce short-term bank borrowings and for additional working capital. **Underwriters**—Glore, Forgan & Co., New York and Fulton, Reid & Co., Inc., Cleveland, Ohio.

Arco Electronics, Inc. (7/5-8)
May 10 filed 140,000 shares of class A common stock. **Price** — To be supplied by amendment. **Proceeds** — $350,000 for general corporate purposes and the balance for working capital. **Office**—New York City. **Underwriter**—Michael G. Kletz & Co., Inc., New York City.

Arden Farms Co.
May 13 filed $4,000,000 of 6% subordinate debentures, series due July 1, 1990 (convertible), 44,278 shares of preferred stock, and 149,511 shares of common stock. The debentures are to be offered for public sale at 100% of their principal amount. The company proposes to offer the preferred shares and common shares initially through subscription warrants. The holders of outstanding preferred stock will be entitled to purchase the new preferred at the rate of one new share for each ten shares held. Common stockholders will be entitled to purchase the additional common shares at the rate of one new share for each ten shares held. The record date is to be the effective date of the registration statements. **Office**—1900 West Slauson Ave., Los Angeles, Calif.

Arizona Public Service Co.
April 22 filed 333,400 shares of common stock (par $5), being offered to holders of the company's currently outstanding common stock at the rate of one new share for each 10 shares held of record May 24, 1960 with rights to expire on June 14 at 3:30 p.m. (EDST). **Price**—$36.50 per share. **Proceeds**—For construction purposes and payment of loans incurred for such purposes. **Office**—501 South 3rd Avenue, Phoenix, Ariz. **Underwriters** — The First Boston Corp. and Blyth & Co., Inc., both of New York.

Arkansas Western Gas Co. (6/27-7/1)
May 13 filed 50,000 shares of common stock (par $5). **Price**—To be supplied by amendment. **Proceeds**—Together with $1,500,000 to be received from a contemplated private placement of debentures, will be used to retire some $1,000,000 of term bank notes and to defray all or a portion of the cost of the company's anticipated 1960 program of property additions and improvements. **Office** — 28 East Center St., Fayetteville, Ark. **Underwriters**—Snow, Sweeney & Co. Incorporated, New York, and A. C. Allyn & Co., Inc., Chicago, Ill.

● **Arnoux Corp.**
May 23 filed 133,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes and working capital. **Office**—11924 W. Washington Blvd., Los Angeles, Calif. **Underwriter**—Shearson, Hammill & Co., New York. **Offering** — Expected sometime in July.

● **Associated Testing Laboratories, Inc. (7/5-8)**
May 25 filed 75,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To retire $100,000 of short-term bank loans, to provide additional facilities and equipment for plants at Wayne, N. J., and Winter Park, Fla., and the balance will be added to working capital. **Office**—Clinton Road, Caldwell, N. J. **Underwriter**—Drexel & Co., New York and Philadelphia.

Astrotherm Corp. (7/18-22)
May 24 filed $308,000 of 8% subordinated convertible debentures, due July 1970, 154,000 shares of common stock, and 46,200 common stock purchase warrants. The company proposes to offer these securities in units, each unit to consist of $100 of principal amount of debentures, 50 common shares, and 15 warrants exercisable initially at $2 per share. **Price**—$200 per unit. **Proceeds**—To repay loans, purchase new equipment and the balance for working capital. **Office**—Indianapolis, Ind. **Underwriters**—Ross, Lyon & Co., Inc., Glocus, Inc., and Harold C. Shore & Co., all of New York City.

Atlas Bowling Centers, Inc. (6/27)
May 2 filed 100,000 shares of class A common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — For additional working capital. **Office** — 255 Huntington Avenue, Boston, Mass. **Underwriter**—Keller & Co., Boston, Mass.

★ **Automatic Cafeterias for Industry, Inc. (6/27-7/1)**
May 31 (letter of notification) 42,200 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—Dover, County of Kent, Del. **Underwriter** — Richard Gray Co., New York, N. Y.

● **Aviation Employees Corp.**
Feb. 8 filed 2,500,000 shares of common stock. **Price**—$2 per share. **Proceeds**—Together with other funds, will be invested in the shares of the company's three subsidiaries; for general corporate purposes; and the remaining balance will be used from time to time for the purchase of all or a substantial interest in or the formation of one or more other companies engaged in the business of insurance or finance or to further supplement the funds of the three subsidiaries. **Office**—930 Tower Bldg., Washington, D. C. **Underwriters**—G. J. Mitchell Jr. Co., Washington, D. C.

Bahamas Caribbean Corp. Ltd.
May 25 filed 4,500 shares of common stock, to be offered for sale at $5 per share, and 600 units of 6% promissory notes, to be offered for sale at $212.50. **Proceeds** — To develop a 100 acre tract of land located on Grand Bahama Island in the Bahamas. **Office**—5008 Dodge Street, Omaha, Neb. **Underwriter**—None.

● **Basic, Inc. (7/15)**
May 26 filed 123,808 outstanding shares of common stock, of which 81,161 shares are institutionally held. All shares result from conversion of convertible preference shares placed in 1958. **Price**—Related to the current market price on the American Stock Exchange at time of offering. **Proceeds** — To selling stockholders. **Office**—845 Hanna Building, Cleveland, Ohio. **Underwriter**—The First Boston Corp., New York.

Bausch & Lomb Inc. (6/28-7/13)
May 19 filed $6,657,900 of convertible subordinated debentures due 1980. It is proposed that these debentures will be offered for subscription by common stockholders at the rate of $100 principal amount of debentures for each 13 common shares held. **Price**—To be supplied by amendment. **Proceeds**—About $5,000,000 will be used to construct new facilities in Rochester and the balance will be used for working capital and other corporate purposes. **Office** — 63 St. Paul Street, Rochester, N. Y. **Underwriter**—Stone & Webster Securities Corp., New York.

Bevis Shell Homes, Inc. (6/20-24)
March 30 filed $1,600,000 of 9% subordinated sinking fund debentures due 1985 and 1,000,000 shares of common stock, to be offered for public sale in units (200,000), at $15.50 per unit, each unit to consist of five common shares, one $8 par debenture, and warrants for the purchase of two additional units of one common share and one $8 debenture at $9.50 per unit. **Proceeds**—$2,000,000 will be used to increase the company's holdings of mortgages placed on the shell homes it sells; and $1,600,000 to be used to increase its holding of mortgages will be placed in escrow for that purpose; and the balance for general corporate purposes. **Office**—Tampa, Fla. **Underwriters**—G. H. Walker & Co., New York City and Beil & Hough, Inc. of St. Petersburg, Fla., as comanagers.

Birtcher Corp.
March 29 filed $500,000 of 6% convertible subordinated debentures, due April 30, 1975. **Price**—At par. **Proceeds**—To pay bank loans incurred to augment working capital. **Office** — Los Angeles, Calif. **Underwriter** — Quincy Cass Associates, Los Angeles, Calif.

★ **Boston Harbor Marina, Inc.**
May 27 (letter of notification) 1,560 shares of common stock (no par) and 3,120 shares of preferred stock (no par) to be offered in units consisting of one share of common and two shares of preferred. **Price** — $100 per unit. **Proceeds**—To pay off a note, accounts payable, and for working capital. **Office** — 542 E. Squantum Street, North Quincy, Mass. **Underwriter**—None.

● **Bowers Battery & Spark Plug Co. (6/14)**
March 29 filed 280,000 shares of common stock (no par), of which 250,000 shares will be offered for public sale at $6 per share and 30,000 shares will be offered to selected employees at $5.40 per share. **Proceeds** — Between $200,000 and $300,000 is expected to be expended before 1961 for starting up costs, including initial rents of the new plant in the southeastern portion of the United States which it hopes to obtain and open before the end of the year; an additional $250,000 is expected to be expended either by the company or through its subsidiaries for the improvement of certain of its manufacturing facilities, such as additional mechanization and material control handling and for experimental work in connection with beryllium; and the balance of the proceeds will be added to the company's general funds. **Office**—Reading, Pa. **Underwriter** — Dempsey-Tegeler & Co., St. Louis and New York.

★ **Bowlong Investments, Inc.**
May 26 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses in developing a bowling alley. **Office**—1747 E. 2nd Street, Casper, Wyo. **Underwriter**—None.

Brockway Glass Co., Inc. (7/11-15)
May 19 filed 162,000 shares of common stock (par $5), of which 32,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and 130,000 shares are to be offered by the issuing company. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the cost of building and equipping a new glass container plant at Rosemount, Minn., near St. Paul and Minneapolis, estimated at $5,750,000. The balance of the cost of the plant will be paid from the company's funds. **Office**—1200 Wood Street, Brockway, Pa. **Underwriters** — Lehman Brothers and Blyth & Co., Inc., both of New York.

★ **Brook Labs. Co., Inc.**
May 31 (letter of notification) 108,000 shares of common stock (par 10 cents) of which 28,000 shares are being sold for selling stockholders. **Price** — $2.75 per share. **Proceeds**—For general corporate purposes. **Office**—650 Lincoln Place, Brooklyn 16, N. Y. **Underwriters**—Sandkuhl & Company, Inc., New York City and Newark, N. J. and J. J. Magaril Co., 37 Wall St., New York, N. Y.

● **Bruce National Enterprises, Inc. (6/22)**
April 29 filed 335,000 shares of common stock (par 10 cents). **Price**—$6 per share. **Proceeds**—For reduction of outstanding indebtedness; to pay off mortgages on certain property; for working capital and other corporate purposes. **Office**—1118 N. E. 3rd Avenue, Miami, Fla. **Underwriter** — George O'Neill & Co., Inc., New York.

● **Brush Beryllium Co. (6/15)**
April 11 filed 410,206 shares of common stock, of which 260,000 shares are to be offered for the account of the issuing company and 150,206 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price** — To be supplied by amendment. **Proceeds** — For expansion. **Office**—Cleveland, Ohio. **Underwriters**—Kuhn, Loeb & Co., New York City, and McDonald & Co., Cleveland.

★ **Buzzards Bay Gas Co., Hyannis, Mass.**
June 7 filed 27,000 outstanding shares of common stock, to be offered for sale by American Business Associates. **Price** — To be supplied by amendment. **Underwriter**—Coffin & Burr, Inc., Boston, Mass.

● **Byer-Rolnick Hat Corp.**
May 9 filed 100,000 outstanding shares of common stock. **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—601 Marion Drive, Garland, Tex. **Underwriters** — Dallas Rupe & Son, Inc., Dallas, Texas and Straus, Blosser & McDowell, Chicago, Ill. **Note**—This offering has temporarily been postponed.

C. F. C. Funding Inc. (6/27)
May 6 (letter of notification) 75,000 shares of common stock (par 10 cents), **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—90 Broad St., New York 4, N. Y. **Underwriter**—Darius Inc., New York, N. Y.

● **Cabana Pools, Inc. (6/13-17)**
March 31 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 640 Fifth Avenue, New York, N. Y. **Underwriter** — Mandell & Kahn, Inc., Time-Life Building, Rockefeller Center, New York, N. Y.

★ **Cape Investors, Inc.**
May 27 (letter of notification) $200,000 of 6% convertible bonds due June 30, 1963. **Price** — At face value. **Proceeds**—To purchase property and for working capital. **Address** — Main Street, Box 124, Harwich, Mass. **Underwriter**—None.

Capital Shares Inc., San Francisco, Calif.
May 3 filed 1,100,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To increase capital and surplus and for working capital. **Underwriter**—None.

Cellomatic Battery Corp. (6/27-7/1)
May 20 (letter of notification) $270,000 of 6% guaranteed 5-year convertible notes and 6,000 shares of common stock (par 10 cents) to be offered in units consisting of a $90 note and two shares of common stock. **Price**—$100 per unit. **Proceeds**—For working capital. **Office**—300 Delaware St., Archibald, Pa. **Underwriter**—Willis E. Burnside & Co., Inc., New York, N. Y.

● **Central Illinois Electric & Gas Co. (7/1)**
June 1 filed $10,000,000 of first mortgage bonds series due 1990. **Proceeds**—To be used to provide a portion of

the funds required for present and contemplated construction program of the company and to provide for the payment of some $5,000,000 of bank loans incurred or to be incurred for such purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., Kidder, Peabody & Co. Inc. and White, Weld & Co. (jointly); Blair & Co. Incorporated, Merrill Lynch, Pierce, Fenner & Smith Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received on July 1.

● **Certified Credit & Thrift Corp.**
Jan. 26 filed 250,000 shares of class A stock ($10 par) and 250,000 shares of class B stock (20c par), to be offered in units of one share of each class of stock. **Price**—$20.20 per unit. **Proceeds**—To pay mortgages. **Office**—Columbus, Ohio. **Underwriter**—Commonwealth Securities Corp., Columbus. **Offering**—Imminent.

● **Chemical Packaging Co., Inc. (6/13-17)**
March 16 (letter of notification) 115,000 shares of common stock (par 10 cents). **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office** — 755 Utica Avenue, Brooklyn, N. Y. **Underwriters**—Mainland Securities Corp., 156 N. Franklin Street, Hempstead, N. Y. and Jeffrey-Robert Corp., 382 S. Oyster Bay Road, Hicksville, L. I., N. Y.

● **Chemo-Vive Processes, Inc. (6/20-24)**
April 22 (letter of notification) 75,000 shares of class A common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To purchase machinery and equipment and the balance for working capital. **Office** — 609-11 Fourth Avenue, Juniata, Altoona, Pa. **Underwriter** — General Investing Corp., New York, N. Y.

● **Chemtree Corp. (6/27-7/1)**
April 19 (letter of notification) 262,750 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—100 W. 10th Street, Wilmington 99, Del. **Underwriter**—Havener Securities Corp., New York, N. Y.

Circle-The-Sights, Inc.
March 30 filed 165,000 shares of common stock and $330,000 of debentures (10-year 8% redeemable). **Price**—For stock, $1 per share; debentures in units of $1,000 at their principal amount. **Proceeds**—For initiating sight-seeing service. **Office**—Washington, D. C. **Underwriter**—None.

Coca-Cola Bottling Co. of New York (6/13-17)
April 19 filed 298,204 outstanding shares of its common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Eastman Dillon, Union Securities & Co., New York. **Listing**—The company intends to apply for NYSE listing.

Cold Lake Pipe Line Co., Ltd.
Feb. 5 filed 200,000 shares of common stock. **Price**—At the market, at time of offering. **Proceeds**—For general corporate purposes. **Office**—1410 Stanley St., Montreal, Canada. **Underwriter**—Michael Fieldman, New York.

Colorado Caterers, Inc.
April 8 (letter of notification) 150,000 shares of common stock (no par). **Price** — $2 per share. **Proceeds** — For working capital. **Office**—7626 Old Georgetown Road, Bethesda, Md. **Underwriter**—The company is in the process of selecting an underwriter.

★ **Columbia-Jarrett Corp.**
May 16 (letter of notification) $150,000 of 7% convertible sinking fund debentures due 1970 and 12,000 shares of common stock (par $1) to be offered in units consisting of 30 shares of common stock and a $500 debenture. **Price**—$620 per unit. **Proceeds**—For working capital. **Office**—c/o Arthur V. Jarrett, 7292 Finns Lane, Lanham, Md. **Underwriter**—None.

Columbia Technical Corp. (6/20-24)
May 6 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 61-02 31st Ave., Woodside, L. I., N. Y. **Underwriters**—Diran, Norman & Co., Inc., V. S. Wickett & Co., Inc., and Cortlandt Investing Corp., New York, N. Y.

Commerce Oil Refining Corp.
Dec. 16, 1957 filed $25,000,000 of first mortgage bonds due Sept. 1, 1968, $20,000,000 of subordinated debentures due Oct. 1, 1968 and 3,000,000 shares of common stock to be offered in units as follows: $1,000 of bonds and 48 shares of stock and $100 of debentures and nine shares of stock. **Price**—To be supplied by amendment. **Proceeds** — To construct refinery. **Underwriter**—Lehman Brothers, New York. **Offering**—Indefinite.

★ **Commonwealth Development & Construction Co. (7/11-15)**
May 24 (letter of notification) 60,000 shares of common stock (par five cents). **Price**—$5 per share. **Proceeds**—For working capital. **Office**—11th & Main Sts., Pennsburg, Pa. **Underwriters**—Vickers, Christy & Co., Inc., 15 William St., New York, N. Y. and First City Securities, Inc., New York, N. Y.

● **Compressed Concrete Construction Corp. (6/27-7/1)**
May 9 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 313 W. Jericho Turnpike, Huntington, L. I., N. Y. **Underwriter**—Capital Accumulation Corp., Franklin National Bank Bldg., Roosevelt Field, Garden City, N. Y.

Conetta Manufacturing Co., Inc. (7/11-15)
June 3 filed 125,000 shares of class A common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes including the reduction of indebtedness, the purchase of machinery and equipment, and for working capital. **Office**—73 Sunnyside Ave., Stamford, Conn. **Underwriter** — Pearson, Murphy & Co., Inc., New York City.

Connecticut & Chesapeake, Inc.
April 29 filed $585,000 of 4½% promissory notes and 2,250 shares of common stock. It is proposed to offer these securities for public sale in units, each consisting of $260 of notes and one share of stock, provided that the minimum purchase shall be 10 units for a minimum consideration of $3,600 ($2,600 of notes and 10 shares of stock). **Price**—$360 per unit. **Proceeds**—For repayment of certain advances made to the company. **Office**—724-14th Street, N. W., Washington, D. C. **Underwriter**—Shannon & Luchs Securities Corp.

● **Consolidated Edison Co. (6/14)**
May 6 filed $50,000,000 of first and refunding mortgage bonds, series R, due June 1, 1990. **Proceeds**—To become part of the treasury funds of the company and will be applied toward retirement of some $55,000,000 of short-term bank loans. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc. and The First Boston Corp. (jointly); Morgan Stanley & Co. **Bids**—Expected to be received on June 14, in room 1628, 4 Irving Place, New York City, up to 11 a.m. EDT. **Information Meeting**—At 10:00 a.m. EDT, 13th floor auditorium, at the office of the company.

Consolidated Realty Investment Corp.
April 27 filed 2,000,000 shares of common stock. **Price**—$1 per share. **Proceeds**—To establish a $250,000 revolving fund for initial and intermediate financing of the construction of custom or pre-fabricated type residential or commercial buildings and facilities upon properties to be acquired for sub-division and shopping center developments; the balance of the proceeds will be added to working capital. **Office**—1321 Lincoln Ave., Little Rock, Ark. **Underwriter**—The Huntley Corp., Little Rock, Ark.

Consolidated Research & Manufacturing Corp. (7/11-15)
May 27 filed 50,000 shares of class A and 50,000 shares of class B stock (par 10 cents). The company proposes to offer these shares in units of one share of each class. **Price**—$6.50 per unit. **Proceeds**—For equipment, sales expansion, increased advertising and marketing program budget, and working capital and general expansion. **Office** — 1184 Chapel Street, New Haven, Conn. **Underwriter**—Bertner Bros., New York.

Constellation Life Insurance Co.
March 29 filed 1,350,000 shares of common stock, of which 350,000 shares will be reserved for stock options, 150,000 shares will be offered to holders of the outstanding common on a "first-come-first-served" basis at $3.25 per share, and 850,000 shares will be publicly offered. **Price**—$3.50 per share. **Proceeds**—To general funds. **Office** — Norfolk, Va. **Underwriter** — Willis, Kenny & Ayres, Inc., Richmond, Va.

● **Continental Capital Corp. (6/13-17)**
April 19 filed 235,000 shares of capital stock (par $10). **Price**—$14 per share. **Proceeds**—For investment in small business concerns, and to the extent necessary may use a portion thereof to retire its outstanding subordinated debenture in the amount of $150,000 held by the Small Business Administration. **Office** — 120 Montgomery Street, San Francisco, Calif. **Underwriter** — McDonnell & Co., Inc., New York.

★ **Control Data Corp.**
June 2 filed 125,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—To repay $1,500,000 of bank loans and the balance to be used for working capital and general corporate purposes. **Office**—501 Park Avenue, Minneapolis, Minn. **Underwriter**—Dean Witter & Co. of Minneapolis, Minn. and New York City.

Cosmopolitan Insurance Co.
March 30 (letter of notification) 58,000 shares of capital stock (Par $1). **Price** — $5 per share. **Proceeds** — For general corporate purposes. **Office**—4620 N. Sheridan Road, Chicago, Ill. **Underwriter**—Link, Gorman, Peck & Co., Chicago, Ill.

Country Club Corp. of America
April 29 filed 200,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For repayment of outstanding debt, including payment of mortgages, taxes, notes, and miscellaneous accounts payable; for general corporate purposes and construction of new facilities. **Office** — 1737 H. Street, N. W., Washington, D. C. **Underwriter**—A. J. Gabriel Co., Inc., New York.

● **Crawford Corp. (6/13-17)**
March 28 filed 200,000 shares of common stock (par $1), of which 100,000 shares are to be offered for public sale for account of issuing company and the balance, being outstanding stock, by the present holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To be initially added to working capital and used for general corporate purposes, including but not limited to the reduction of short-term bank loans ($5,921,872 outstanding at Dec. 31, 1959, including $5,199,800 of bank loans made directly to an unconsolidated subsidiary). It is contemplated that the additional funds will be used to acquire land for development or resale to dealers, construction loans to builder-dealers, expansion of the company's market area, and the possible manufacture and erection, in cooperation with builders, of "shell" house packages for completion by the home owner on a "do-it-yourself" basis. **Office**—7111 Florida Boulevard, Baton Rouge, La. **Underwriter**—A. G. Becker & Co., Inc., of Chicago and New York.

Custom Craft Marine Co., Inc. (6/20-27)
March 28 (letter of notification) 85,000 shares of common stock (par 25 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—1700 Niagara Street, Buffalo, N. Y. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y.

Dalto Corp. (7/1)
March 29 filed 134,739 shares of common stock, to be offered for subscription by holders of such stock of record May 2 at the rate of one new share for each two shares then held. **Price**—To be supplied by amendment. **Proceeds**—For the retirement of notes and additional working capital. **Office**—Norwood, N. J. **Underwriter**—None.

Dart Drug Corp.
March 30 filed 200,000 shares of class A common stock, of which 170,000 shares are to be offered for public sale on behalf of the issuing company and 30,000 shares, being outstanding stock, on behalf of the present holders thereof. **Price**—$5 per share. **Proceeds**—For repayment of corporate indebtedness and for working capital. **Office**—5458 Third St., N. E., Washington, D. C. **Underwriter**—Hodgdon & Co., Washington, D. C. **Offering**—Expected sometime in June.

Defense Electronics, Inc.
April 12 (letter of notification) 200,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—For machinery and electronic test equipment, working capital and a reserve fund. **Address**—Rockville, Md. **Underwriter**—Balogh & Co., Inc., Washington, D. C.

★ **DeKalb-Ogle Telephone Co.**
June 3 (letter of notification) 19,822 shares of common stock. **Price** — At par ($10 per share). **Proceeds** — For working capital. **Office**—112 W. Elm St., Sycamore, Ill. **Underwriter**—None.

★ **Delta Brick & Tile Co., Inc.**
May 19 (letter of notification) $114,600 of 8% 10-year debentures to be offered for subscription by stockholders of the company in denominations of $100 each. **Price**—At face value. **Proceeds**—For working capital. **Address**—Old Greenville Road, Indianola, Miss. **Underwriter**—None.

● **Deluxe Aluminum Products, Inc. (7/25-29)**
Oct. 15 filed $330,000 of convertible debentures, and 70,000 shares of common stock. **Price**—For the debentures, 100% of principal amount; for the stock, $5 per share. **Proceeds**—From 10,000 shares of the common stock, to the present holders thereof; from the rest of the offering, to the company to be used for expansion and as working capital. **Office**—6810 S. W. 81st St., Miami, Fla. **Underwriter**— R. A. Holman & Co., Inc.

Detroit Tractor, Ltd.
May 26 filed 1,375,000 shares of class A stock. Of this stock, 1,125,000 shares are to be offered for the company's account and the remaining 250,000 shares are to be offered for sale by the holders thereof. **Price**—Not to exceed $3 per share. **Proceeds**—To be applied to the purchase of machine tools, payment of $95,000 of notes and accounts payable, and for general corporate purposes. **Office**—1221 E. Keating Avenue, Muskegon, Mich. **Underwriter**—To be supplied by amendment.

Development Credit Corp. of Maryland (6/13-17)
March 29 filed 2,000,000 shares of common stock. **Price**—$1.10 per share. **Proceeds** — For general corporate purposes. **Office**—22 Light St., Baltimore, Md. **Underwriter**—None.

Diversified Communities, Inc.
Sept. 25 filed 367,200 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For acquisition of Hope Homes, Inc., Browntown Water Co. and Cantor & Goldman Builders, Inc., with the balance to be used as working capital. **Office**—29A Sayre Woods Shopping Center, Madison Township, P. O. Parlin, N. J. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Postponed.

Diversified Realty Investment Co.
April 26 filed 250,000 shares of common stock. **Price**—$5 per share (par 50 cents). **Proceeds** — For additional working capital. **Office**—919 18th Street, N. W., Washington, D. C. **Underwriter**—Ball, Pablo & Co., Washington, D. C.

● **Doak Pharmacal, Inc. (6/13-17)**
April 28 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—99 Park Avenue, New York, N. Y. **Underwriter**—Ross Securities, Inc., 99 Wall Street, New York 5, N. Y.

● **Drug Associates, Inc.**
May 6 (letter of notification) 100 units of $100,000 of 7% sinking fund debenture bonds and 10,000 shares of common stock (par $1) to be offered in units consisting of one $1,000 debenture and 100 shares of common stock. **Price**—$1,100 per unit. **Proceeds**—For general corporate purposes. **Office**—1238 Corlies Ave., Neptune, N. J. **Underwriter**—Fidelity Securities & Investment Co., Inc., Asbury Park, N. J. **Offering**—Imminent.

Durox of Minnesota, Inc.
April 11 filed $650,000 of 7% first mortgage bonds and 120,000 shares of common stock (par $1). The offering will be made in units of one bond ($100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. **Price**—To be supplied by amendment. **Proceeds**—For additional plant and equipment and to provide working capital to commence and maintain production. **Office** — 414 Pioneer Bldg., St. Paul, Minn. **Underwriters**—Irving J. Rice & Co., Inc., St. Paul, Minn. and M. H. Bishop & Co., Minneapolis, Minn.

● **Dymo Industries, Inc.**
April 11 filed 150,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Approximately $200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in a new plant which the company is presently negotiating to lease; $400,000 will be used for the acquisition of tools, dies, jigs and fixtures; $100,000 for leasehold improvements; and the balance for working capital. **Office**—2546 Tenth St., Berkeley, Calif.

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Underwriter — William R. Staats & Co., Los Angeles, California.

Dynamic Films, Inc. (6/10)
March 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office** — 405 Park Avenue, New York, N. Y. **Underwriter**—Morris Cohon & Co., New York, N. Y.

● Dynatron Electronics Corp.
April 29 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—178 Herricks Road, Mineola, N. Y. **Underwriter**—General Securities Co., Inc., New York, N. Y.

E. S. C. Electronics Corp. (6/20-24)
May 17 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 534 Bergen Boulevard, Palisades Park, N. J. **Underwriter**—Laird, Bissell & Meeds, New York, N. Y.

East Alabama Express, Inc.
April 1 (letter of notification) 77,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To repay notes payable, reduce equipment purchase obligations, accounts payable and for working capital. **Office**—109 M Street, Anniston, Ala. **Underwriter**—First Investment Savings Corp., Birmingham, Ala.

● Edgerton, Germeshausen & Grier, Inc. (6/27-7/1)
May 5 filed 120,000 shares of common stock (par $1) of which 20,000 shares are now outstanding and are to be offered for public sale by the holders thereof and 100,000 shares are to be offered by the company. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office** — 160 Brookline Ave., Boston, Mass. **Underwriter**—Kidder, Peabody & Co., New York.

Edwards Engineering Corp.
April 8 filed 85,000 shares of common stock of which 70,000 shares are to be offered for the account of the issuing company and 15,000 shares, representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—$3.50 per share. **Proceeds**—For general corporate purposes including salaries, sales promotion, moving expenses, and research and development work. **Office**—715 Camp Street, New Orleans, La. **Underwriter**—Sandkuhl & Company, Inc., New York City and Newark, N. J.

● Elco Corp. (6/10)
April 22 filed $1,000,000 of 6% convertible subordinated debentures due May 15, 1975, 82,065 common stock purchase warrants, and 87,809 shares of common stock reserved against the exercise of the warrants. **Price**—100% of principal amount plus accrued interest from May 15, 1960. **Proceeds**—For retirement of the company's indebtedness to The First Pennsylvania Banking & Trust Co., and for the purchase of machinery and equipment. **Location**—"M" Street below Erie Avenue, Philadelphia, Pa. **Underwriter**—S. D. Fuller & Co., New York.

● Electrada Corp. (6/21)
March 29 filed 400,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisitions, debt reduction, and other corporate purposes. **Office**—9744 Wilshire Blvd., Beverly Hills, Calif. **Underwriter**—Bache & Co., New York.

★ Electronic Specialty Co.
June 2 filed 150,000 shares of common stock (par 50 cents). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds in anticipation of capital requirements, possibly to include acquisitions. **Office**—5121 San Fernando Road, Los Angeles, Calif. **Underwriters**—Reynolds & Co., Inc., of New York, and Bateman, Eichler & Co. of Los Angeles, Calif. **Offering**—Expected in early August.

● Equitable Leasing Corp. (6/10)
May 9 (letter of notification) 50,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—For working capital. **Office**—246 Charlotte St., Asheville, N. C. **Underwriter**—Courts & Co., Atlanta, Ga.

● Espey Mfg. & Electronics Corp. (6/27-7/1)
April 29 filed 80,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Saratoga Springs, N. Y. **Underwriter** — Sutro Bros. & Co., New York.

● Esquire Radio & Electronics, Inc. (6/20-24)
March 30 filed 150,000 shares of common stock (par 10c). **Price**—$5 per share. **Proceeds**—$73,000 will be used to replace funds used by company for payment of subordinated notes; $50,000 to repay short-term bank obligations; and the balance of approximately $477,000 will be added to working capital and used for general corporate purposes, including financing of finished and raw material inventory. **Office**—39 Broadway, New York. **Underwriter**—Myron A. Lomasney & Co.

★ Eureka Silver King Mines Corp.
May 23 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—30 cents per share. **Proceeds**—For mining expenses. **Office**—516 First National Bank Building, Boise, Idaho. **Underwriter**—None.

Fairmount Finance Co. (6/20-24)
May 6 (letter of notification) 58,000 shares of class A common stock (par $5). **Price**—At par ($5 per share). **Proceeds**—For working capital. **Office**—5715 Sheriff Road, Fairmount Heights, Md. **Underwriter**—J. T. Patterson & Co., Inc., 40 Exchange Place, New York, N. Y.

● Family Fund Life Insurance Co.
March 30 filed 116,800 shares of common stock, being offered for subscription by stockholders at the rate of one new share for each 5 shares held. **Price**—$9 per share; unsubscribed shares at $10.25 per share. **Proceeds**—To increase capital and surplus and expand the business. **Office**—1515 Spring St., N. W., Atlanta, Ga. **Underwriter**—J. H. Hilsman & Co., Inc., Atlanta, Ga. **Note**—This statement was effective June 6.

Farmers' Educational & Cooperative Union of America
March 29 filed $2,500,000 of registered debentures, series D, maturing from 1969 to 1980. **Price**—To be offered in units of $100. **Proceeds**—To pay notes maturing before Dec. 31, 1963, with $1,107,000 to be contributed to surplus or loaned to subsidiaries. **Office**—Denver, Colo. **Underwriter**—None.

Farrington Manufacturing Co. (6/20-24)
March 25 filed $6,000,000 of subordinated convertible debentures due 1970. **Price**—To be supplied by amendment. **Proceeds**—$2,000,000 to be applied to the payment of bank loans; $2,800,000 to the scanner program in 1960, including (a) $1,000,000 for expenditures by Farrington Electronics, Inc., a newly-formed date processing subsidiary, for inventory, 250,000 to purchase and test equipment for producting scanners and $250,000 as working capital; and (b) $1,300,000 for research and development. **Office**—77 A St., Needham, Mass. **Underwriters**—Cyrus J. Lawrence & Sons, New York City; and Brawley, Cathers & Co.. Toronto, Ontario, Canada.

Faultless Caster Corp. (6/20-24)
May 13 filed 250,000 shares of common stock (par $1), of which 200,000 shares are to be offered for the account of the present holders thereof and 50,000 shares are to be offered for the account of the issuing company. **Price**—To be supplied by amendment. **Proceeds**—$300,000 will be used to purchase new presses and other production equipment and the remainder will be used as working capital. **Office**—1421 North Garvin St., Evansville, Ind. **Underwriter** — Hayden, Stone & Co., New York City (managing).

● Federal Steel Corp. (6/15-20)
March 30 (letter of notification) 59,000 shares of common stock (no par). **Price**—$5 per share. **Proceeds**—For an expansion program. **Office**—3327 Elkton Ave., Dayton 3, Ohio. **Underwriter**—Westheimer & Co., Cincinnati, Ohio.

Federated Electronics, Inc. (6/20-24)
April 25 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For general corporate purposes. **Office**—139-14 Jamaica Avenue, Jamaica, N. Y. **Underwriter**—J. B. Coburn Associates, Inc., New York, N. Y.

Fidelity Acceptance Corp.
March 24 (letter of notification) 12,000 shares of class H 6% cumulative preferred stock. **Price**—At par (25) per share). **Proceeds**—For working capital. **Office**—820 Plymouth Bldg., Minneapolis, Minn. **Underwriter**—Ray F. Kersten, 3332 E. Orange Dr., Phoenix, Ariz.

● Figurette, Ltd. (6/13-17)
March 3 filed 100,000 shares of class A common stock, (par 50 cents) **Price**—$6 per share. **Proceeds**—For general corporate purposes. **Office**—514 N. E. 79th Street, Miami, Fla. **Underwriter**—Myron A. Lomasney & Co., New York.

Finger Lakes Racing Association, Inc.
Dec. 28 filed $4,500,000 of 20-year 6% subordinated sinking fund debentures due 1980 and 450,000 shares of class A stock (par $5) to be offered in units, each consisting of $100 of debentures and 10 shares of class A stock. **Price**—$155 per unit. **Proceeds**—For purchase of land and the cost of construction of racing plant as well as other organizational and miscellaneous expenses. **Office**—142 Pierrepont Street, Brooklyn, N. Y. **Underwriter**—Stroud & Co,. Inc., New York and Philadelphia. **Offering**—Delayed.

● First National Realty & Construction Corp. (6/20-24)
April 25 filed 150,000 shares of cumulative convertible preferred stock first series, $8 par, redeemable by the company on or after May 15, 1963 at $10 per share, and 150,000 shares of common stock (par 10 cents). It is proposed that these securities will be offered in units, each unit consisting of one share of preferred and one share of common. **Price**—To be supplied by amendment. **Proceeds**—$257,000 will be used to repay loans made by an officer and director of the company and a corporation controlled by him to provide funds for apartment house construction; about $500,000 will be used for the repayment of a portion of bank notes; and the balance will be added to working capital for use in the acquisition of new properties and for the company's construction program. **Office** — 630 Third Avenue, New York. **Underwriter**—H. Hentz & Co., New York.

● Florida Builders, Inc. (6/20-24)
Mar. 30 filed 80,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—Between $200,000 and $250,000 will be used to establish or acquire a Federal Housing Administration approved mortgage financing and service company; $200,000 will be used to pay off bank loans; and the balance for working capital. **Office**—700 43rd St. South, St. Petersburg, Fla. **Underwriter**—Jaffee & Co., New York.

Florida Home Insurance Co.
March 30 filed 17,500 shares of common stock to be offered to holders of the company's 85,995 outstanding common shares at the rate of one share for each five shares held. Unsubscribed shares will be offered to employees and officers of the company who are stockholders without further offering of such unsubscribed shares to other stockholders of the company. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds to be held in cash or invested in securities. **Office** — 1335 Biscayne Blvd., Miami, Fla. **Underwriter**—None.

★ Ford Electronics Corp.
May 25 (letter of notification) 75,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—To purchase tooling, a 20% interest in Arizona Biochemical Corp. and for working capital. **Office**—c/o John N. Valianos, 4465 Petit Avenue, Encino, Calif. **Underwriter**—Thomas Jay, Winston & Co., Inc., Beverly Hills, Calif.

● Foto-Video Electronics Corp.
April 26 filed 125,000 shares of class B stock. **Price**—$4 per share. **Proceeds**—$100,000 for research and development, $200,000 for working capital, and the balance for sales promotion expenses. **Office** — Cedar Grove, N. J. **Underwriter**—D. F. Bernheimer & Co., Inc., New York City. **Offering**—Expected in late June.

● Franklin Corp. (6/27-7/1)
April 26 filed 1,000,000 shares of common stock (par value $1). **Price**—$10 per share. **Proceeds**—For investment. **Office** — 925 Hempstead Turnpike, Franklin Square, New York. **Underwriter**—Blair & Co. Incorporated, New York.

● Friendly Frost, Inc. (6/13-17)
April 5 filed 150,000 shares common stock (par 10c). An additional 96,500 shares included in the registration statement are reserved for the company's Employees' Stock Option Plan. **Price**—$7.50 per share. **Proceeds**—For repayment of bank loans, for company's expansion program, and the balance for working capital. **Office**—123 Frost Street, Westbury, L. I., N. Y. **Underwriter**—None.

Futterman Corp. (7/5-8)
April 1 filed 660,000 shares of class A stock. **Price**—To be supplied by amendment. **Proceeds**—For acquisition of properties. **Office**—580 Fifth Avenue, New York. **Underwriter**—Reynolds & Co., New York.

Gamble Brothers
April 14 (letter of notification) 12,500 shares of common stock (par $5) of which 11,246 shares are being offered for subscription to stockholders of record as of June 2, on the basis of one new share for each share held with rights to expire on June 16. **Price**—To stockholders, $18.50 per share; to the public, $22.50 per share. **Proceeds**—For an expansion program. **Office**—4601 Allmond Ave., Louisville, Ky. **Underwriter**—Stein Bros. & Boyce, Baltimore, Md.

● Garrett Corp. (6/27-7/1)
May 5 filed 100,000 shares of common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To reduce presently outstanding indebtedness. **Office**—9851 Sepulveda Blvd., Los Angeles, Calif. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Gem International, Inc. (6/27-7/1)
Mar. 29 filed 150,000 shares common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$125,000 to open, furnish and equip the new Wichita store being built for the company by others; $75,000 to open, furnish and equip the second store in St. Louis, similarly being built by others; $128,600 to purchase the assets of Embee, Inc., and Garrol, Inc., who now hold the basic lease on the premises used by the Kansas City operating company and who sublease the premises to that company; $208,000 for advance to the Honolulu subsidiary to enable it to purchase the assets of Honden, Ltd., Honla Ltd., and Dacat, Ltd., which now hold the basic leases on the store building; $105,000 for advance to Gem Stores, Inc., and Gem of St. Louis, Inc., to enable those corporations to repay loans; and the balance for general corporate purposes and as needed to expand existing facilities and to establish new locations. **Office**—418 Empire Building, Denver, Colo. **Underwriters** — Bosworth, Sullivan & Co., Inc., Denver, Colo.; and Scherck, Richter Co., St. Louis, Mo.

General Atronics Corp. (6/15)
March 18 filed 155,660 shares of common stock. **Price**—$3.50 per share. **Proceeds**—$60,000 for additional laboratory and production equipment, $80,000 for additional developmental engineering and sales promotion of materials handling equipment, $80,000 for investment in Atronic Learnings Systems, Inc., $93,000 for repayment of bank loans, and $157,859 for working capital. **Office** — Bala-Cynwyd, Pa. **Underwriter** — Harrison & Co., Philadelphia, Pa.

General Drive-In Corp. (6/20-24)
April 29 filed 180,000 shares of common stock (no par) of which 50,000 shares will be offered for public sale by the company and 130,000 are outstanding and will be offered by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—480 Boylston St., Boston, Mass. **Underwriter**—Paine, Webber, Jackson & Curtis, Boston and New York.

General Meters, Inc. (6/15)
May 11 (letter of notification) 104,703 shares of common stock (par $1) to be offered for subscription by stockholders of record for a seven day period on the basis of ¾ of a share for each share held. **Price**—$1.50 per share. **Proceeds**—For construction, purchase of equipment and working capital. **Office**—287-27 Road, Grand Junction, Colo. **Underwriter**—Peters, Writer & Christensen, Inc., Denver, Colo.

General Sales Corp. (6/20-24)
April 28 filed 90,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—$75,000 will be used for additional working capital, inventories and facilities for the Portland Discount Center; $75,000 for the same purposes in the Salem Center; and $50,000 to provide working capital for General Sales Acceptance Corp. for credit sales to member customers. The balance of the proceeds will be used to open two new stores in Oregon and Idaho. **Office** — 1105 N. E. Broadway, Portland, Ore. **Underwriter** — Fennekohl & Co., Inc., New York.

● **Glass Magic Boats, Inc. (7/11-15)**
Dec. 30 (letter of notification) $51,000 of six-year 6½% convertible debentures to be offered in denominations of $51 each. Debentures are convertible into common stock at $1.50 per share. Also, 68,000 shares of common stock (par 10 cents) to be offered in units of one $51 debenture and 68 shares of common stock. **Price**—Of debentures, at par; of stock, $102 per unit. **Proceeds**—To pay off current accounts payable; purchase of raw materials and for expansion. **Office** — 2730 Ludelle Street, Fort Worth, Texas. **Underwriter**—R. A. Holman & Co., Inc., New York, N. Y. **Note**—The name has been changed from Glass Magic, Inc.

Glass Marine Industries, Inc.
April 25 filed 200,000 shares of class A stock and 100,000 shares of common stock. The class A stock is to be offered at $2.25 per share and the common at 75 cents per share; and the class A and common shares are to be offered in units consisting of two class A and one common. **Price**—$5.25 per unit. **Proceeds**—To develop the necessary production facilities to produce the company's boats. **Office**—Humboldt, Iowa. **Underwriters**—Leason & Co., Inc., Chicago, Ill.; William B. Robinson & Co., Corsicana, Texas; and Bala William & Co., Wichita Falls, Texas.

Goelet Corp. (6/27-7/1)
March 1 filed $700,000 of 8% subordinated Installment debentures, due in March, 1970, 70,000 shares of common stock (10 cents par) and 35,000 common stock purchase warrants (exercisable at $4.30 per share until May 15, 1965), to be offered in units consisting of $100 of debentures, 10 common shares, and five warrants. **Price**—$143 per unit. **Proceeds**—To be applied toward the company's general business activities. **Office**—292 Madison Avenue, New York. **Underwriters**—Ross, Lyon & Co., Inc. and Globus, Inc., both of New York.

Gold Medal Packing Corp.
June 18 filed 572,500 shares of common stock (par one cent), and 50,000 common stock purchase warrants. Of the shares 400,000 will be sold for the account of the company; 110,000 by certain stockholders; 12,500 for the underwriter; and the remaining 50,000 shares are purchasable upon exercise of the warrants. **Price**—$1.25 per share. **Proceeds**—For repayment of debt; purchase of equipment and facilities and other general corporate purposes. **Office**—614 Broad St., Utica, N. Y. **Underwriter**—Mortimer B. Burnside & Co., New York. **Name Change**—Formerly Eastern Packing Corp. **Offering**—Indefinitely delayed.

● **Great American Realty Corp. (6/13-17)**
April 8 filed $2,000,000 of 7% convertible debentures due July 1, 1975, together with 110,000 shares of outstanding class A stock. **Price**—For debentures, at 100% of principal amount. **Proceeds**—For additional working capital. **Office**—15 William St., New York. **Underwriter**—For debentures, Louis L. Rogers Co., 15 William St., New York City and Hilton Securities, Inc., 580 5th Ave., New York City.

Greenbelt Consumer Services, Inc.
April 28 filed 40,000 shares of series A common stock and 160,000 shares of series B common stock. **Price**—$10 per share. **Proceeds**—$400,000 will be used in payment of bank loans made in January to finance the purchase of equipment for two new supermarkets which are planned to be opened in May and June, 1960. Approximately $200,000 will be used for the purchase of inventory for the two new stores. The company contemplates opening four additional supermarkets within the next two and one-half years. Approximately $1,200,000 of the proceeds of the offering will be used to finance the purchase of equipment and inventory for such stores. The balance of approximately $182,000 will be added to general working capital. **Office**—10501 Rhode Island Ave., Beltsville, Md. **Underwriter**—None. **Offering**—Expected in July.

Gross Furnace Manufacturing Co., Inc.
March 30 (letter of notification) 120,000 shares of common stock (par 10 cents). **Price** — $2.50 per share. **Proceeds** — For advertising, equipment and working capital. **Office**—c/o Joseph J. Gross, 2411 Sunnybrook Road, Richmond, Va. **Underwriter**—Maryland Securities Co., Inc., Baltimore, Md.

★ **Guardian Central Trust, Inc.**
June 3 filed 484,862 shares of common stock, of which 200,000 shares are to be publicly offered, and the remaining shares are reserved for the acquisition of the stock of Guardian Discount Co. **Price**—$6 per share. **Proceeds**—From the public offering, to be invested in Guardian Discount Co. **Office**—1415 Union Avenue, Memphis, Tenn. **Underwriter**—James N. Reddoch & Co., Memphis, Tenn.

Gulf Power Co. (7/7)
May 27 filed $5,000,000 of first mortgage bonds, due 1990. **Proceeds**—Together with other funds, will be used for property additions and improvements and for payment of $3,092,800 of bank loans. **Office**—75 North Pace Boulevard, Pensacola, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; The First Boston Corp.; Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Blyth & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Bros. & Hutzler and Drexel & Co. (jointly); Eastman Dillon, Union Securities & Co. **Information Meeting**—Scheduled for July 5, 1960 at 3:30 p.m. New York Time, at the office of the Chase Manhattan Bank, Room 238, 43 Exchange Place, New York City. **Bids**—Expected to be received at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time on July 7, 1960.

Gulf Power Co. (7/7)
May 27 filed 50,000 shares of cumulative preferred stock (par $100). **Proceeds**—Together with other funds, will be used for property additions and improvements and for payment of $3,092,800 of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Harriman Ripley & Co., Incorporated; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; Kidder, Peabody & Co. and White, Weld & Co. (jointly). **Information Meeting**—Scheduled for July 5, 1960 at 3:30 p.m. New York Time, at the office of The Chase Manhattan Bank, Room 238, 43 Exchange Place, New York City. **Bids**—Expected to be received at the office of Southern Services, Inc., Room 1600, 250 Park Avenue, New York 17, N. Y., before 11 a.m., New York Time on July 7, 1960.

● **Gulf States Utilities Co. (6/27)**
May 25 filed $17,000,000 of first mortgage bonds, series due 1990. **Proceeds**—To pay some $15,000,000 of short-term notes issued under revolving credit agreements to provide funds for construction purposes, and the balance will be used to carry forward the construction program and for other corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on June 27 at 12 noon (EDT) at 70 Broadway, Room A, New York City. **Information Meeting**—Scheduled for June 23 at 11:00 a.m. EDT at the Hanover Bank.

Gulf-Tex Development, Inc. (6/27-7/1)
March 30 filed 250,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For purchase of Pelican Island; for improvements on said property; and for working capital and other general corporate purposes, including the general development of the property. **Office**—714 Rosenberg St., Galveston, Tex. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Hamilton Cosco, Inc. (6/27-7/1)**
May 11 filed 300,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—To members of the Hamilton family (company founders), selling stockholders. **Office** — Columbus, Ind. **Underwriters** — Smith Barney & Co. Inc., New York City, and City Securities Corp., Indianapolis, will co-manage the group.

● **Hampshire Gardens Associates (6/13-17)**
April 1 filed $376,000 of Limited Partnership Interests, to be offered in units. **Price**—$500 per unit. **Proceeds**—For purchase of the fee title to a garden type apartment community (Hampshire Gardens) consisting of 14 buildings with a total of 134 apartments in Chillum, Md. **Office**—375 Park Avenue, New York. **Underwriter**—B. C. Morton & Company, Inc., New York.

Harnischfeger Corp. (6/15)
May 3 filed 60,000 shares of convertible preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To be applied to the repayment of a portion of the company's short term bank borrowings. **Underwriter**—The First Boston Corp., New York.

Harvey Aluminum, Inc. (6/22)
April 21 filed 750,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For expansion and working capital. **Office**—Torrance, Calif. **Underwriters**—Kuhn, Loeb & Co. and Tucker, Anthony & R. L. Day, both of New York City.

Helicopters, Inc.
May 19 (letter of notification) 60,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — For purchase of equipment, tools, inventory and working capital. **Office**—Heliport, Stapleton Airfield, Denver 2, Colo. **Underwriter**—Insurance Stocks, Inc., Denver, Colo.

Henderson's Portion Pak, Inc. (6/13-17)
April 18 filed 200,000 shares of outstanding common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—4015 Laguna Street, Coral Gables, Fla. **Underwriter**—Burnham & Co., New York.

● **Hotel Corp. of America (6/27-7/1)**
May 17 filed $1,500,000 of convertible collateral trust debentures, due July 1, 1972, secured by the common stock of the company that operates the Hotel Mayflower in Washington, D. C. and of Fred Fear & Co. **Price**—To be supplied by amendment. **Proceeds** — For expansion program. **Office**—New York City. **Underwriters**—Bache & Co. and Bear, Stearns & Co., both of New York.

● **Howe Plastics & Chemical Companies, Inc. (6/13-17)**
Dec. 14 (letter of notification) 60,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—125 E. 50th Street, New York, N. Y. **Underwriter**—Hilton Securities, Inc., 580 Fifth Avenue, New York, N. Y.

● **Hudson Vitamin Products, Inc. (6/20-24)**
April 15 filed 212,500 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—89 Seventh Ave., New York. **Underwriter** — Bear, Stearns & Co., New York.

I C Inc. (6/27-7/1)
June 29 filed 600,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—To further the corporate purposes and in the preparation of the concentrate and enfranchising of bottlers, the local and national promotion and advertising of its beverages, and where necessary to make loans to such bottlers, etc. **Office**—704 Equitable Bldg., Denver, Colo. **Underwriters**— Purvis & Co. and Amos C. Sudler & Co., both of Denver, Colo.

Illinois Beef, L. & W. S., Inc. (6/27-7/1)
April 29 filed 200,000 shares of outstanding common stock. **Proceeds**—To selling stockholders. **Price**—$10 per share. **Office**—200 South Craig Street, Pittsburgh, Pa. **Underwriters**—Amos Treat & Co., Inc., New York, and Bruno Lenchner, Inc., Pittsburgh, Pa.

Illinois Bell Telephone Co.
May 12 filed 3,047,758 shares of common capital stock (par $20) being offered for subscription by stockholders of record May 27, 1960, in the ratio of one new share for each ten shares then held, with rights to expire on June 30. **Price**—$20 per share. **Proceeds**—For general corporate purposes, including property additions and improvements, and repayment of advances to American Telephone & Telegraph Co. **Office**—212 W. Washington St., Chicago, Ill. **Underwriter**—None.

Insured Mortgages of America, Inc.
March 14 filed $1,000,000 of 5½% collateral trust bonds. **Price**—At 100% of principal amount. **Proceeds**—To repay temporary bank loans and to purchase additional insured mortgage loans, and for other corporate purposes. **Office**—575 Colman Bldg., Seattle, Wash. **Underwriter**—None.

International Properties, Inc.
April 20 filed 750,000 shares of common stock. **Price**—$1.65 per share. **Proceeds**—To meet financial and loan commitments of the company in connection with the purchase of certain property. **Office**—1487 Northwestern Bank Building, Minneapolis, Minn. **Underwriter**—Company or selected dealers.

Interstate Finance Corp. (6/16)
May 11 filed 150,000 shares of common stock. **Price** — To be supplied by amendment. **Proceeds**—For general funds and working capital. **Office**—Evansville 8, Ind. **Underwriter**—Goldman, Sachs & Co. (managing) New York City.

Itemco, Inc. (7/5-8)
April 29 filed 200,000 shares of common stock. **Price**—$2.50 per share. **Proceeds**—For repayment of outstanding debt, for instrumentation and automation of laboratory equipment, for expansion of existing manufacturing facilities and the acquisition or establishment of additional facilities, and the balance for working capital. **Office**—18 Beechwood Avenue, Port Washington, N. Y. **Underwriters**—Morris Cohon & Company and Schrijver & Co., both of New York.

Kenrich Petrochemicals, Inc. (6/20-24)
March 29 filed $175,000 of 7% convertible subordinated debentures due 1970, and 55,000 shares of class A common stock. **Price**—For debentures, 100% of principal amount; and $3.50 per class A share. **Proceeds**—$10,000 will be applied towards the repayment of demand notes, $115,000 for new plant facilities and equipment; and the balance for general corporate purposes. **Office**—120 Wall St., New York. **Underwriter**—First Philadelphia Corp., New York.

Kings Electronics Co., Inc. (8/1-5)
May 26 filed 200,000 shares of common stock (par 10 cents) and 100,000 common stock purchase warrants. The company proposes to offer these securities for public sale in units, each consisting of one share of common stock and one-half common stock purchase warrant. **Price**—$4 per unit. **Proceeds**—$165,000 will be applied to the repayment of certain loans, $75,000 for development and design work by a subsidiary in the field of infra-red instrumentation, $100,000 for continued research in the design, development and production of components for microwave instruments, and the balance for working capital. **Office**—40 Marbledale Road, Tuckahoe, N. Y. **Underwriters** — Ross, Lyon & Co., Inc.; Globus, Inc.; Reich & Co.; Harold C. Shore & Co. and Godfrey, Hamilton, Magnus & Co., all of New York City.

● **Laboratory for Electronics, Inc. (6/10)**
April 20 filed 63,790 shares of common stock (par $1), to be initially offered to its stockholders at the rate of one share for each share held of record June 9, with rights to expire on June 30 at 3:30 p.m. Boston Time. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital and expansion, and the balance if any, to reduce bank loans. **Office**—1079 Commonwealth Avenue, Boston, Mass. **Underwriter** — Paine, Webber, Jackson & Curtis, Boston and New York.

● **Laclede Gas Co. (7/11)**
June 1 filed $10,000,000 of first mortgage bonds. **Proceeds** — Together with the proceeds from the sale of common stock, will be applied towards the repayment of bank loans incurred in connection with the company's construction program for additions to the company's working capital, to be used for construction and general corporate purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Lehman Brothers, Merrill Lynch, Pierce, Fenner & Smith Inc. and Reinholdt & Gardner (jointly); Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received on July 11 up to 11:00 a.m. EDT. **Information Meeting**—Scheduled for July 7 at 10:30 a.m. EDT at the Bankers Trust Co.

Laclede Gas Co. (7/8)
June 1 filed a maximum of 243,600 shares of common stock (par $4), to be offered to stockholders on the basis of one additional share for each 14 shares of common stock held of record at the close of business on July 8, 1960. **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds from the proposed sale of the first mortgage bonds will be applied toward repayment of bank loans incurred in connection with the company's construction program and for additions to the company's working capital, to be used for construction and other corporate purposes. **Underwriters** — Lehman Brothers and Merrill Lynch, Pierce, Fenner & Smith Inc., both of New York, and Reinholdt & Gardner, St. Louis, Mo.

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Lamtex Industries, Inc. (6/27-7/1)
May 13 filed 100,000 shares of common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office** — Motor Ave., Farmingdale, Long Island, N. Y. **Underwriter**—Finkle, Seskis & Wohlstetter, of N. Y. City

● Lasco Industries (6/20)
April 29 (letter of notification) 150,000 shares of common stock (no par). **Price**—$2 per share. **Proceeds**—To pay for a new building. **Office**—2939 S. Sunol Dr., Los Angeles, Calif. **Underwriter**—Holton, Henderson & Co., Los Angeles, Calif.

● Lee Filter Corp.
May 27 filed 110,000 shares of capital stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—About $250,000 will be used to discharge bank loans, the proceeds of which were used to provide additional working capital and to discharge other short-term indebtedness; $100,000 for construction and purchase of additional tools, dies and machinery and additions to raw material inventory; and the balance for general corporate purposes. **Office**—191 Talmadge Road, Edison, N. J. **Underwriter**—Myron A. Lomasney & Co., New York. **Note**—This statement has been withdrawn; refiling is expected in July.

Lee Motor Products, Inc. (6/27-7/1)
May 6 filed 167,000 shares of class A common stock (par $1). **Price**—$3 per share. **Proceeds**—$150,000 will be used to repay existing obligations to banks incurred in March of 1960 to retire trade accounts and for other working capital purposes; approximately $50,000 will be used to finance expansion of warehouse facilities; and the balance of $207,000 will be added to the company's general funds and used as working capital. **Office** — 4701 Gladstone Ave., Cleveland, Ohio. **Underwriter**—Godfrey, Hamilton, Magnus & Co. Inc., New York.

Liberian Iron Ore Ltd.
May 19 joined with The Liberian American-Swedish Minerals Co., Monrovia, Liberia, in the filing of $20,000,000 of 6¼% first lien collateral trust bonds, series A, due 1980, of Lio, $20,000,000 of 6¼% subordinated debentures due 1985 of Lio, and unspecified number of shares of Lio capital stock, to be offered in units. Also included in the registration statement are $20,000,000 of 6¼% secured promissory notes, series A, of Lamco and $20,000,000 of 6¼% subordinated debentures of Lamco. **Price**—For units, to be supplied by amendment. **Proceeds**—To make loans to Lamco. **Office**—97 Queen St., Charlottetown, Prince Edward Island, Canada, N. S. **Underwriter**—White, Weld & Co., Inc., New York.

● Liberty Records, Inc.
April 1 filed 150,000 shares of common stock (par 50c). **Price**—Approximately $8.00 per share. **Proceeds**—To be added to the company's general corporate funds, substantially to meet increased demands on working capital. **Office**—6920 Sunset Boulevard, Los Angeles, Calif. **Underwriter** — Crowell, Weedon & Co., Los Angeles, Calif.

★ Lone Star Airlines, Inc.
May 27 (letter of notification) 9,500 shares of common stock (par $7.50). **Price**—$20 per share. **Proceeds**—For salaries, equipment, rentals and working capital. **Address**—Love Field, Dallas, Texas. **Underwriter**—None.

Magnasync Corp.
Feb. 26 filed 200,000 shares of capital stock. **Price** — $5 per share. **Proceeds**—To repay interim loans up to $100,000 to Taylor & Co.; $100,000 for expansion of laboratory facilities and personnel for research and development; $100,000 to increase plant production facilities; $116,000 for tooling and production of proprietary items; $110,000 for increase of inventory; $75,000 for research and development; and $2,000 for documentary stamps; $110,000 will be added to working capital; and the remaining $88,400 is unallocated. **Office**—5546 Satsuma Ave., North Hollywood, Calif. **Underwriter**—Taylor and Company, Beverly Hills, Calif.

Majestic Utilities Corp.
April 29 filed $300,000 of 6% convertible 10-year debentures, $250 face value, 30,000 shares of common stock, and options to purchase an additional 30,000 shares. It is proposed to offer these securities for public sale in units (1,200), each consisting of $250 face amount of debentures, 25 shares of common stock, and options to to purchase an additional 25 common shares. **Price**—$350 per unit. **Proceeds**—To be applied in part payment of a $250,310 bank loan and the balance to be added to working capital and used for general corporate purposes. **Office** — 1111 Stout Street, Denver, Colo. **Underwriter**—Purvis & Company, Denver, Colo. **Offering**—Expected sometime in July.

★ Mamook Corp.
May 18 (letter of notification) 300,000 shares of 7% cumulative, participating preferred stock. **Price** — At par ($1 per share). **Proceeds**—To purchase real estate and for working capital. **Office** — 865 Lincoln Street, Denver 3, Colo. **Underwriter**—None.

Martin-Parry Marine Corp. (6/20-24)
May 10 (letter of notification) 240,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For general corporate purposes. **Office** — 415 Madison Ave., New York, N. Y. **Underwriter**—Edward H. Stern & Co., 32 Broadway, New York 32, N. Y.

★ Matrix Research & Development Corp.
May 18 (letter of notification) 60,000 shares of class A common stock (par $1). **Price**—$5 per share. **Proceeds**—To purchase equipment, to improve a physical plant and for general corporate purposes. **Office**—11 Mulberry Street, Nashua, N. H. **Underwriter**—None.

● Mattel, Inc. (6/15)
April 18 filed 300,000 shares of common stock, (par $1), of which 50,000 shares are to be offered for public sale for the account of the issuing company and 250,000 shares now outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—For additional working capital. **Office**—5150 Rosecrans Avenue, Hawthorne, Calif. **Underwriter**—Bache & Co., New York.

McCormick Selph Associates, Inc.
April 15 filed 130,000 shares of capital stock, of which 100,000 shares will be offered for public sale by the issuing company and 30,000 shares, being outstanding, by the holders thereof. **Price**—To be supplied by amendment. **Proceeds**—To reduce outstanding indebtedness, to reduce accounts payable, and for additional working capital. **Office**—2308 San Felipe Rd., Hollister, Calif. **Underwriter**—Wilson, Johnson & Higgins, San Francisco, Calif.

● McGowen Glass Fibers Corp. (6/13)
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds** — For general corporate purposes. **Office** — 829 Newark Avenue, Elizabeth, N. J. **Underwriter**—Simmons, Rubin & Co., Inc., New York, N. Y.

● Medallion Pictures Corp. (6/20-24)
March 29 (letter of notification) $300,000 of 6½% convertible subordinated debentures due March 30, 1968. **Price**—At 100%. **Proceeds**—For general corporate purposes. **Office**—200 W. 57th Street, New York 18, N. Y. **Underwriter**—Hancock Securities Corp., New York, N. Y.

★ Metropolitan Development Corp.
June 8 filed 1,000,000 shares of capital stock. **Price**—To be supplied by amendment. **Proceeds**—To complete payments on the company's property, for repayment of loans, and the balance to be added to the general funds for construction purposes and acquisitions. **Office**—Los Angeles, Calif. **Underwriters**—William R. Staats & Co., of Los Angeles, Calif., and Bache & Co. and Shearson, Hammill & Co., both of New York City.

Miami Tile & Terrazzo, Inc.
March 11 filed 125,000 shares of common stock (par $1). **Price**—$4 per share. **Proceeds**—$150,000 as reduction of temporary bank loans, $140,000 in reduction of accounts payable, $65,000 to repay notes and loans payable to Barney B. and Nathan S. Lee, and the balance for general corporate purposes. **Office**—6454 N. E. 4th Ave., Miami, Fla. **Underwriter** — Plymouth Bond & Share Corp., Miami, Fla.

● Midwest Technical Development Corp. (7/5-8)
May 17 filed 561,500 shares of common stock, to be offered to holders of the outstanding common on a one-for-one basis. **Price** — To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Minneapolis, Minn. **Underwriters**—Shearson, Hammill & Co., New York City, and Piper, Jaffray & Hopwood, Minneapolis.

Midwestern Indemnity Co.
March 25 (letter of notification) 15,832 shares of common stock (par $5) to be offered for subscription by stockholders of record at the close of business on March 4, 1960 in the ratio of one share for each three shares held. **Price**—$17 per share. **Proceeds**—For working capital. **Address**—Cincinnati, Ohio. **Underwriter** — W. D. Gradison & Co., Cincinnati, Ohio.

Miles Laboratories, Inc. (6/24)
May 18 filed approximately $8,300,000 of convertible subordinated debentures due 1980. The company proposes to offer to the holders of its outstanding common stock of record on or about June 24, 1960, rights to subscribe for the debentures in the ratio of $100 principal amount of debentures for each 16 shares of common stock then held; the subscription offer will expire July 11, 1960. The new debentures which will be convertible into common stock until maturity, unless previously redeemed, will be entitled to an annual sinking fund commencing July 1, 1966, sufficient to retire approximately 93% of the debentures prior to maturity. **Proceeds**—For repayment of short-term debt. **Underwriter**—The First Boston Corp., New York, managing.

● Mississippi River Fuel Corp. (7/7)
June 1 filed $24,000,000 of sinking fund debentures due 1980. **Price**—To be supplied by amendment. **Proceeds**—To be applied toward the reduction of outstanding bank loans. **Office** — St. Louis, Mo. **Underwriter** — Eastman Dillon, Union Securities & Co., New York.

Model Finance Service, Inc.
May 26 filed 100,000 shares of second cumulative preferred stock—65c convertible series, $5 par—and $1,000,000 of 6½% junior subordinated debentures, due 1975. **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general working funds. **Office**—202 Dwight Building, Jackson, Mich. **Underwriter**—Paul C. Kimball & Co., Chicago, Ill.

Monowall Homes, Inc. (6/15)
April 22 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—To pay an outstanding note, purchase of land, equipment and for working capital. **Office**—546 Equitable Building, Baltimore 2, Md. **Underwriter**—American Diversified Securities, Inc., Washington, D. C.

Montgomery Ward Credit Corp. (6/27-7/1)
May 5 filed $50,000,000 of debentures, 1980 series. **Price**—To be supplied by amendment. **Proceeds**—To be added to general funds and will be available for the purchase of deferred payment accounts from Montgomery Ward & Co., Inc. **Office**—100 West Tenth St., Wilmington, Del. **Underwriter**—Lehman Brothers, New York.

Movielab Film Laboratories Inc. (6/20)
May 4 filed 100,000 shares of class A common stock (par $1) including 62,500 shares to be offered for public sale by the company and 37,500 shares which are outstanding and will be offered by the holder thereof. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—619 West 54th St., New York. **Underwriter**—Granbery, Marache & Co., New York.

Mustang Lubricant, Inc.
May 9 filed 80,000 shares of class A common stock. **Price**—$5 per share. **Proceeds**—For general corporate purposes. **Office**—Denver, Colo. **Underwriter**—To be supplied by amendment.

Namm-Loeser's Inc. (7/5-8)
April 27 filed 217,278 shares of common stock (par $1). The company proposes to offer 108,000 shares of new common stock for subscription by holders of outstanding stock of record May 31, at the rate of one new share for each three shares held. Arebec Corp., of New York, which owns 109,278 common shares, has entered into an agreement to sell said shares to the underwriter. **Price**—To be supplied by amendment. **Proceeds**—To be added to company's general funds and will enable it to use all or part of the proceeds in the reduction of bank indebtedness. **Office** — 2301 Woodward Ave., Detroit, Mich. **Underwriter**—Ladenburg, Thalmann & Co., New York.

★ National Fountain Fair Corp.
May 27 (letter of notification) 75,000 shares of common stock (par $1). **Price** — $4 per share. **Proceeds** — For general corporate purposes. **Office** — 3000 Hempstead Turnpike, Levittown, L. I., N. Y. **Underwriter**—General Investing Corp., New York, N. Y.

● National Lawnservice Corp. (6/6-10)
Jan. 11 (letter of notification) 100,000 shares of common stock (par one cent). **Price**—$3 per share. **Proceeds** — For general corporate purposes. **Office** — 410 Livingston Avenue, North Babylon, N. Y. **Underwriter**—Fund Planning Inc., New York, N. Y. **Offering**—Expected sometime in July.

● National Old Line Life Insurance Co. (6/15)
April 12 filed 128,329 shares of class BB (non-voting) common stock, of which 43,329 shares are to be offered for the account of the issuing company and 80,000 shares representing outstanding stock, are to be offered for the account of the present holders thereof. **Price**—To be supplied by amendment. **Proceeds** — For general corporate purposes. **Office** — Little Rock, Ark. **Underwriter**—Equitable Securities Corp., Nashville, Tenn.

● National Packaging Corp. (6/10)
March 30 filed 60,000 of common capital stock (par $1). **Price**—$6 per share. **Proceeds**—To retire $87,000 of indebtedness, to purchase $18,000 of additional machinery and equipment, to set up a small plant (at cost of $28,000) on the West Coast to service the fruit tray and vegetable tray business in that area, and for working capital. **Office** — 3002 Brooklyn Ave., Fort Wayne, Ind. **Underwriter**—First Securities Corp., 212 W. Jefferson St., Ft. Wayne, Ind.

National Union Life Insurance Co.
March 29 (letter of notification) 50,000 shares of common stock (par 50 cents). **Price**—$4 per share. **Proceeds**—For expenses in the operation of an insurance company. **Address**—Montgomery, Ala. **Underwriter**—Frank B. Bateman, Ltd., Palm Beach, Fla.

Navigation Computer Corp. (6/27-7/1)
May 18 filed 50,709 shares of common stock (no par). **Price**—To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and used for general corporate purposes. **Office**—1621 Snyder Ave., Philadelphia, Pa. **Underwriters**—Drexel & Co. and DeHaven & Townsend, Crouter & Bodine, both of Philadelphia, Pa.

Nebraska Consolidated Mills Co.
May 11 filed 111,951 shares of common stock, to be offered for subscription by holders of outstanding common, at the rate of one new share for each four shares held. **Price** — $10 per share. **Proceeds** — To be added to the general funds of the company and will be used to finance larger inventories and accounts receivable. **Office**—1521 North 16th St., Omaha, Neb. **Underwriter**—None.

New Britain Gas Light Co. (7/8)
May 18 filed a maximum of 16,000 shares of common stock (par $25), to be offered to holders of the outstanding common on the basis of one new share for each five shares held. **Price**—To be supplied by amendment. **Proceeds**—To discharge bank loans, for construction, and for general corporate purposes. **Office**—New Britain, Conn. **Underwriter**—Putnam & Co., Hartford, Conn.

● New Jersey Power & Light Co. (7/19)
May 24 filed $5,000,000 of first mortgage bonds, due 1990. **Proceeds**—For construction and reduction of indebtedness. **Office**—Denville, N. J. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Equitable Securities Corp.; First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc.; Eastman Dillon, Union Securities & Co., and White, Weld & Co. (jointly). **Bids**—Expected to be received on July 19 up to 11 a.m. EDT. **Information Meeting** — Scheduled for July 15 at 67 Broad Street, between 10:00 a.m. and 12 noon.

★ North American Merchandising Co.
May 26 (letter of notification) $300,000 of 7% convertible sinking fund debentures due July 1, 1965. **Price**—At face amount. **Proceeds**—To repay short-term loans and for working capital. **Office**—118 Cole Street, Dallas, Texas. **Underwriter**—Parker, Ford & Co., Inc., Dallas, Texas.

North Washington Land Co.
May 3 filed $1,600,000 of first mortgage participation certificates. **Price**—The certificates will be offered at a discount of 17.18% from face value. **Proceeds**—For the primary purpose of refinancing existing loans. **Office**—

1160 Rockville Pike, Rockville, Md. **Underwriter**—Investor Service Securities, Inc.

● Northern Illinois Gas Co. (7/13)
May 27 filed $30,000,000 of first mortgage bonds due 1985. **Proceeds**—To be applied to the retirement of not to exceed $5,000,000 of bank loans to be obtained for temporary financing of part of the company's new construction and to increase working capital for application to construction expenditures. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc. group. **Bids**—To be received on July 13, up to 10:00 a.m. CDST. **Information Meeting**—Scheduled for July 6.

Northwest Natural Gas Co. (6/24)
May 25 filed 60,000 shares of preferred stock (par $100). **Price**—To be supplied by amendment. **Proceeds**—To retire $5,000,000 of bank loans and the balance for construction purposes. **Office**—Portland, Ore. **Underwriter**—Lehman Brothers, New York City.

★ Norwalk Co., Inc.
June 6 filed 100,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To reduce indebtedness, purchase machinery and equipment, and add to working capital. **Office**—North Water Street, So. Norwalk, Conn. **Underwriter**—Myron A. Lomasney & Co., New York City.

Nuclear Engineering Co., Inc.
April 18 (letter of notification) 30,000 shares of common stock (par 33.3 cents). **Price**—$10 per share. **Proceeds**—To replace bank financing, reduce accounts payable, purchase machinery and equipment and for working capital. **Office**—65 Ray St., Pleasanton, Calif. **Underwriter**—Pacific Investment Brokers, Inc., Seattle, Wash.

● Obear-Nester Glass Co. (6/27-7/1)
April 14 filed 210,045 shares of common stock (no par). **Price** — To be supplied by amendment. **Proceeds** — To selling stockholders. **Office**—Broadway and 20th, East St. Louis, Ill. **Underwriter**—Merrill Lynch, Pierce, Fenner & Smith Inc., New York.

Oil Shale Corp.
March 30 filed 300,000 shares of common stock, to be offered to the holders of its outstanding common stock. The subscription date and record date will be supplied by amendment. **Price**—$2.50 per share. **Proceeds**—For general corporate purposes. **Office**—9489 Dayton Way, Beverly Hills, Calif. **Underwriter**—None.

OK Rubber Welders, Inc. (6/20-24)
Mar. 29 filed 50,000 shares common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—Together with the proceeds of a $1,100,000 insurance company loan and $700,000 realized from the sale of installment notes to its wholly-owned subsidiary finance company, OK Acceptance Corp., will be used to reduce bank loans in the amount of $1,300,000; to repay other indebtedness in the amount of $228,600; and the balance of approximately $800,000 will be added to working capital. **Office**—551 Rio Grande Avenue, Littleton, Colo. **Underwriter**—Bosworth, Sullivan & Co., Inc., Denver, Colo.

Oslo (City of) Norway (6/21)
May 24 filed $10,000,000 of sinking fund external loan bonds due June 15, 1975. **Price** — To be supplied by amendment. **Proceeds** — To be advanced by the City's Loan Fund to the Oslo Electricity Works, the Oslo Harbor Authority and the municipal tramway companies for capital expenditures to be undertaken by these municipal enterprise. **Underwriters**—Kuhn, Loeb & Co., Harriman Ripley & Co., Lazard Freres & Co., and Smith, Barney & Co., all of New York.

● Ott Chemical Co.
March 17 filed $450,000 of convertible subordinated debentures due June 1, 1970. The company is offering the debentures for subscription by common stockholders of record June 7, 1960, at the rate of a $100 debenture for each 3.11 shares then held with rights to expire on June 17. **Price** — 100% of principal amount. **Proceeds** — For retirement of a note, for additional improvements to properties, for equipment and the balance for working capital and other purposes. **Office**—500 Agard Road, Muskegon, Mich. **Underwriter** — H. M. Byllesby & Co., Inc., Chicago, Ill.

● Oxford Manufacturing Co., Inc. (6/20-24)
May 3 filed 240,000 shares of class A common stock (par $1), of which 160,000 shares are now outstanding and are to be offered for public sale by the present holders thereof and the remaining 80,000 shares will be offered by the issuing company. **Price** — To be supplied by amendment. **Proceeds**—$150,000 will be used for the purchase of additional machinery and equipment to be installed in certain new manufacturing plant facilities, construction of which has been completed; the balance of the proceeds will be used for general corporate purposes. **Office**—151 Spring Street, N. W., Atlanta, Ga. **Underwriters**—W. C. Langley & Co., New York; and Courts & Co., Atlanta and New York.

Pacific Coast Properties, Inc.
April 19 filed 917,835 shares being offered at $10 per share to the holders of Food Giant Markets, Inc. common, preferred, and employee stock options on the basis of one right for each share of Food Giant common held or subject to option of record May 26. One right will be issued for each 2 shares of Food Giant preferred of record May 26, with all rights to expire at 3:30 p.m. EDT. on June 10. **Proceeds** — $906,000 toward cost of property acquisition and the remainder for general corporate purposes. **Office**—Beverly Hills, Calif. **Underwriter**—Bear, Stearns & Co.

★ Pacotronics, Inc.
June 2 filed 150,000 shares of common stock. **Price**—$4 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness and research and development expenses. **Office** — 70-31 84th Street, Glendale, L. I., N. Y. **Underwriter**—Myron A. Lomasney & Co., New York City. **Offering**—Expected in mid-July.

★ Papercraft Corp.
June 2 filed 130,063 shares of common stock (par $1), to be offered initially to stockholders of the corporation at the rate of one additional share for each eight shares presently held. **Price**—To be supplied by amendment. **Proceeds**—To retire bank loans incurred in connection with the recent acquisition of LePage's Division of Johnson & Johnson. Any balance will be added to the company's general funds. **Office**—Pittsburgh, Pa. **Underwriter**—Eastman Dillon, Union Securities & Co., New York.

Parker (A. J.) Co.
May 11 (letter of notification) 100,000 shares of common stock (no par). **Price**—$3 per share. **Proceeds**—To repay a loan, expansion of sales, personnel, advertising, development and research and for working capital. **Office**—1238 Belmont Avenue, Philadelphia, Pa. **Underwriter**—Metropolitan Securities, Inc., Philadelphia, Pa.

Patrick County Canning Co., Inc.
March 25 filed 140,000 shares of common stock. **Price**—$3 per share. **Proceeds**—About $162,000 will be applied to the payment of certain indebtedness; $25,000 for additional machinery and equipment; and $118,752 for working capital, promotion and advertising. **Office**—52 Broadway, New York. **Underwriter** — G. Everett Parks & Co., Inc., New York. **Offering**—Expected sometime in August.

Pauley Petroleum Inc. (7/11)
May 27 filed $10,000,000 of subordinated debentures (convertible) due 1976. **Price** — To be supplied by amendment. **Proceeds**—$7,000,000 will be applied to the payment of bank borrowing incurred in connection with the company's Mexican Tidelands operations and to the reduction of current liabilities. The balance will be added to the general funds of the company and will be available for general corporate purposes. **Office**—717 No. Highland Avenue, Los Angeles, Calif. **Underwriter**—William R. Staats & Co., Los Angeles, Calif.

● Pearson Corp. (8/1-5)
March 30 filed 50,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—$60,000 will be utilized to repay the company's indebtedness to Business Development Co. of Rhode Island; the balance will be added to working capital for general corporate purposes, principally to finance inventory and for other manufacturing costs. **Office**—1 Constitution St., Bristol, R. I. **Underwriter**—R. A. Holman & Co., Inc., New York.

Peoples Telephone Corp.
March 29 filed 15,250 shares of common stock (par $50) being offered to stockholders of record on May 13, 1960, at the rate of one additional share for each two shares then held with rights to expire at 3:30 p.m. (EDT) on June 15. **Price**—$75 per share. **Proceeds**—$1,100,000 will be used to repay in part short-term bank loans of $1,600,000 incurred during 1959 to provide funds for the company's continuing program of modernization, improvement and expansion; the balance of the proceeds will be added to its general funds. **Office**—218 South Washington Street, Butler, Pa. **Underwriter**—None.

Philippine Oil Development Co., Inc.
March 30 filed 103,452,615 shares of capital stock, to be offered for subscription by stockholders at the rate of one new share for each 5½ shares held. **Price** — To be supplied by amendment. **Proceeds**—To be added to the company's working capital. **Office** — Soriano Bldg., Manila, Philippines. **Underwriter**—None.

Polycast Corp. (6/27-7/1)
May 19 filed $400,000 of 6½% convertible subordinated debentures and 71,364 shares of common stock, of which the debentures and 20,000 shares of common stock will be offered publicly; 15,000 shares are issuable upon the exercise of warrants and the remaining 36,364 shares are issuable upon conversion of the debentures. **Price**—For debentures, 100%; price for common stock will be supplied by amendment. **Proceeds**—To be used in part ($325,000) to purchase equipment, and the balance will be used for working capital purposes. **Office**—69 Southfield Ave., Stamford, Conn. **Underwriters**—M. L. Lee & Co., Inc. and Milton D. Blauner & Co., Inc., both of New York.

Powertron Ultrasonics Corp. (6/27-7/1)
May 19 filed 205,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For retirement of outstanding indebtedness, and the balance will be used for working capital. **Office**—Roosevelt Field Industrial Park, Garden City, L. I., N. Y. **Underwriter**—None.

★ Progress Electronics Corp.
May 25 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—To develop and produce proprietary items in the electronics field. **Office**—1240 First Security Building, Salt Lake City, Utah. **Underwriter**—Binder & Co., Inc., 541 South Spring Street, Los Angeles, Calif.

Provident Fund for Income, Inc.
Dec. 23 filed 400,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For investment. **Office**—3 Penn Center Plaza, Philadelphia, Pa. **Underwriter**—Provident Management Corp., same address. **Offering**—Expected in late June.

● Pyramid Electric Co. (6/27-7/1)
April 1 filed 89,675 shares of common stock to be issued to holders of the company's outstanding stock purchase warrants at the rate of one share for each warrant at a price of $3.25 per share. The warrants were issued in and after May, 1954, in connection with a previous public offering and included 46,000 to the underwriter, S. D. Fuller & Co., and 46,000 to the company's officers and employees. At present there are 89,675 warrants outstanding. The warrants are exercisable until June 25, 1960. **Office**—52 Broadway, New York.

Rajac Self-Service, Inc. (7/11-15)
March 18 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—11 E. Second Street, Mt. Vernon, N. Y. **Underwriter**—Walter R. Blaha & Co., Inc., Long Island City, N. Y.

★ Ramo Investment Co.
June 2 (letter of notification) 9,600 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To go to selling stockholders. **Office**—8401 Building, Omaha, Neb. **Underwriter**—First Trust Co. of Lincoln, Lincoln, Neb.

● Reeves Broadcasting & Development Corp. (6/27-7/1)
March 30 filed 487,392 shares of common stock, of which 300,000 shares are to be publicly offered and 187,392 shares are to be purchased by Christiana Oil at $4.75 per share and distributed as a dividend to its 2,800 stockholders. **Price**—$5 per share. **Proceeds**—To pay a $110,000 bank note and for general corporate purposes. **Office**—304 East 44th St., New York. **Underwriter**—Laird & Co. Corp., New York.

Republic Ambassador Associates
April 29 filed $10,000,000 of Limited Partnership Interests, to be offered in units. **Price**—$10,000 per unit. **Proceeds**—To purchase hotels in Chicago from a Webb & Knapp subsidiary. **Office**—111 West Monroe Street, Chicago, Ill. **Underwriter**—Lee Higginson Corp., New York. **Offering**—Expected in late June.

Republic Graphics Inc. (6/13-17)
April 29 (letter of notification) 75,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—For general corporate purposes. **Office** — 134 Spring Street, New York, N. Y. **Underwriters**—Theodore Arrin & Co., Inc., 82 Beaver Street, New York, N. Y.; T. M. Kirsch & Co., and Robert A. Martin Associates, Inc., New York, N. Y.

Roller Derby TV, Inc.
March 30 filed 277,000 shares of common stock, of which 117,000 shares are to be offered for public sale by the issuing company, and the remaining 145,000 shares will be sold for the account of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes relating to the production and sales of motion picture films of the Roller Derby, and the balance for working capital. **Office**—4435 Woodley Ave., Encino, Calif. **Underwriter**—To be supplied by amendment.

★ Rosauer's Super Markets, Inc.
June 1 (letter of notification) 28,000 shares of 6% cumulative convertible preferred stock (par $10). **Price**—$10.50 per share. **Proceeds**—To purchase fixtures, equipment and inventory for two proposed new super markets. **Office**—Spokane, Wash. **Underwriter**—Foster & Marshall, Seattle, Wash.

Roto American Corp.
May 27 filed 75,000 shares of common stock (par $1) to be offered for cash sale to the public, and 44,283 shares to be issued in exchange for common and preferred shares of four subsidiaries. **Price**—To be supplied by amendment. **Proceeds**—To be used largely for reduction of accounts payable, as well as for new tooling, research, repayment of an officer's loan, and general corporate purposes. **Office**—93 Worth Street, New York. **Underwriter**—Morris Cohon & Co., New York. **Offering**—Expected in mid-July.

★ (Frank) Russell Co.
June 3 this sponsor of the Bendstock Investment Plan for accumulation of shares of Bendstock Corp. filed $5,000,000 of such plans. **Office**—Tacoma, Wash.

S.A.F., Ltd.
May 6 filed $303,000 of partnership interests, to be offered for sale in units. **Price**—$500 per unit. **Proceeds**—To acquire fee title to certain land in St. Augustine, Fla., upon which will be constructed a 54-unit Howard Johnson Motor Lodge and restaurant, swimming pool and related facilities. **Office**—60 East Coral Center, Fort Lauderdale, Fla. **Underwriters**—Radice Securities Corp. and Jerry Thomas & Co., Inc., Palm Beach, Fla.

★ Sabre Craft Boat Co., Inc.
May 27 (letter of notification) 275,000 shares of common stock (no par). **Price** — $1 per share. **Proceeds** — For working capital. **Office**—347 W. Ewing St., Seattle, Wash. **Underwriter**—None.

● Safticraft Corp., Patterson, La. (6/15)
April 29 filed 275,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—The company proposes to use $50,000 to expand its efforts in the sale of Safticraft boats nationally; $250,000 for reduction of short-term borrowings; and the remaining $293,500 to be advanced to du Pont, Inc. as additional working capital necessary in the financing of increased inventories and receivables incident to the increased sales volume of Dupont. **Underwriter** — George, O'Neill & Co., Inc., New York.

Saucon Development Corp. (6/27-7/1)
April 28 (letter of notification) an undetermined number of shares of common stock (par $1) not to exceed $300,000. **Price**—To be supplied by amendment. **Proceeds**—For mining expenses. **Office** — c/o Wallace F. McQuade, Pres., 246 Beaconsfield Blvd., Beaconsfield, Quebec, Canada. **Underwriter**—P. Michael & Co., 69 Passaic St., Garfield, N. J.

Sav-A-Stop, Inc. (7/11-15)
May 27 filed 100,000 shares of common stock (par 10 cents). **Price**—$4.50 per share. **Proceeds**—For working capital. **Office** — 2202 Main Street, Jacksonville. Fla.

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Underwriter—Pistell, Crow Inc., of New York City, formerly Pistell, Schroeder & Co.

● **Savannah Electric & Power Co. (6/16)**
May 11 filed $5,000,000 of first mortgage bonds, due 1990, and $3,000,000 of debentures, due June 1, 1985. **Proceeds**—For payment of outstanding notes and for construction expenses. **Office**—Savannah, Ga. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White Weld & Co. (jointly); The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—To be received on June 16 up to 11 a.m. EDT at 90 Broad St., New York City, 19th floor. **Information Meeting**—June 14 at 2:30 p.m. EDT at 90 Broad Street, New York City.

Sea-Highways, Inc. (6/20-24)
May 9 filed 150,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For working capital. **Office**—Pan-American Bank Bldg., Miami, Fla. **Underwriter**—John R. Maher Associates, of New York.

Seaway Shopping Centers, Inc.
May 20 filed 90,000 shares of $.50 cumulative convertible preferred stock, ($.01 par) and 90,000 shares of class A common stock ($.01 par). It is proposed to offer these shares in units, each consisting of one share of preferred at $7 per share and one class A share at $3 per share, or $10 for the unit. **Proceeds**—To complete construction of new shopping centers. **Office** — 619 Powers Bldg., Rochester, N. Y. **Underwriter**—John R. Boland & Co., Inc., New York. **Offering**—Expected mid-to-late July.

Security Industrial Loan Association (6/13-17)
April 13 filed $500,000 of 7% convertible subordinated debentures due May 1, 1975, and 50,000 shares of common stock. **Prices**—To be supplied by amendment. **Proceeds**—To be available for loans to customers. **Office**—Central National Bank Building, Richmond, Va. **Underwriter**—Lee Higginson Corp., New York.

Service Instrument Corp. (6/20-24)
March 23 (letter of notification) 200,000 shares of common stock (par 10 cents). **Price**—$1.50 per share. **Proceeds** — For general corporate purposes. **Office** — 693 Broadway, New York, N. Y. **Underwriter** — Pearson, Murphy & Co., Inc., New York, N. Y.

Servonics, Inc.
Feb. 25 filed 76,600 shares of common stock (par $1) being offered to stockholders. The company will issue transferable subscription warrants evidencing (a) rights to subscribe for one new share of common stock for each five shares held on the record date May 24, and (b) the privilege of subscribing for such of the shares offered as are not subscribed for upon the exercise of rights, if any, subject to allotment with rights to expire on June 10. **Price**—$7 per share. **Proceeds**—For general corporate purposes. **Office**—822 North Henry St., Alexandria, Va. **Dealer-Manager**—Kidder, Peabody & Co., New York.

● **Sierra Electric Corp. (6/27-7/1)**
March 29 filed 100,000 shares of common stock, of which 80,000 shares are to be sold for the account of the issuing company and 20,000 shares are to be sold for the account of the present holder thereof. **Price**—$9 per share (par $1). **Proceeds**—To reduce bank loans and for working capital. **Office**—Gardena, Calif. **Underwriter**—Marron, Sloss & Co., Inc., New York City.

Sierra Pacific Power Co. (7/6)
May 26 filed $3,500,000 of debentures due July 1, 1985. **Proceeds**—To pay some $2,300,000 of outstanding bank loans and for construction expenditure. **Office** — 220 South Virginia St., Reno, Nev. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Stone & Webster Securities Corp. and Dean Witter & Co. (jointly). **Bids**—Expected to be received on July 6, at 49 Federal St., 8th floor, Boston, Mass., up to 10:30 a.m. EDT. **Information Meeting**—Scheduled for July 1 at 11:00 a.m. EDT. at 90 Broad St., 19th floor, New York City.

Sire Plan Normandy Isle, Inc. (6/15)
March 9 filed $225,000 of 10-year 7% debentures and 4,500 shares of $3.50 cumulative, non-callable, participating preferred stock (par $5), to be offered in units, each unit consisting of one $50 debenture and one preferred share. **Price**—$100 per unit. **Proceeds** — To finance acquisition. **Office**—Ingraham Bldg., Miami, Fla. **Underwriter**—Sire Plan Portfolios, Inc., New York.

Skyline Homes, Inc.
April 15 filed 115,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's working capital and used for general corporate purposes. **Office**—2520 By-Pass Road., Elkhart, Ind. **Underwriter**—Rodman & Renshaw, Chicago, Ill. **Offering**—Expected in mid-June.

Smith, (Herman H.) Inc.
May 24 (letter of notification) 82,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—2326 Nostrand Ave., Brooklyn, N. Y. **Underwriters**—First Broad Street Corp.; Russell & Saxe, Inc. and V. S. Wickett & Co., Inc., all of New York.

Sottile, Inc. (Formerly South Dade Farms, Inc.)
July 29 filed 2,000,000 shares of common stock (par $1), of which 1,543,000 shares are to be issued and sold for the account of the company, and 457,000 shares, representing outstanding stock, to be sold for the accounts of certain selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—To retire 70% of the common stock outstanding at the date of the stock offering; to invest in the capital stocks of six of the company's seven bank subsidiaries; to repay a bank loan of $6,400,-000; to add to working capital; to retire certain long-term indebtedness; and to develop citrus groves. **Office**—250 South East First Street, Miami, Fla. **Underwriter**—Bear, Stearns & Co., New York. **Offering**—Indefinite.

★ **Southern Discount Co.**
June 1 (letter of notification) $95,000 of 5% subordinated debentures, series "G" to be offered in denominations of $500 and $1,000 each. **Price**—At face value. **Proceeds** — To purchase prior issues of debentures series "D," "E," or "F" and for working capital. **Office**—919 W. Peachtree St., N. E., Atlanta, Ga. **Underwriter**—None.

● **Southern Union Gas Co. (6/20-24)**
May 24 filed $12,000,000 of sinking fund debentures, due 1985. **Price**—To be supplied by amendment. **Proceeds**—To be applied in part to the repayment of $4,000,-000 of bank borrowings for construction purposes, and the balance will be used for further construction expenditures in 1960. **Office**—Fidelity Union Tower, Dallas, Texas. **Underwriters**—A. C. Allyn & Company, Incorporated, New York and Chicago, and Snow, Sweeney & Co., Inc., New York. **Offering**—Expected in late June.

Southwestern Oil Producers, Inc.
March 23 filed 700,000 shares of common stock. **Price**—$2 per share. **Proceeds**—For the drilling of three wells and the balance for working capital. **Office**—2720 West Mockingbird Lane, Dallas. **Underwriter** — Elmer K. Aagaard, 6 Salt Lake Stock Exchange Bldg., Salt Lake City, Utah.

★ **Soverel Marine Inc.**
May 30 (letter of notification) 5,000 shares of common stock (no par). **Price** — $10 per share. **Proceeds** — To purchase equipment and for working capital. **Address**—Lake Park, Fla. **Underwriter**—None.

(A. G.) Spalding & Bros., Inc. (6/13)
May 2 filed 85,484 shares of common stock, to be offered for subscription on the basis of one new share for each 10 shares held of record June 13, 1960. **Price**—$20 per share. The Pyramid Rubber Co., the largest individual stockholder, owning 178,978 shares, has agreed to purchase at the offering price within five days after the expiration of the subscription offer (June 30, 1960), all of the stock not sold to the company's stockholders. Pyramid Rubber may within 30 days thereafter resell for investment at the offering price some of the stock it shall acquire to other persons (not exceeding 15) who may be stockholders, officers or directors of the company. **Office**—Chicopee, Mass. **Underwriter**—None.

● **Speed-Way Food Stores Inc. (6/14)**
April 27 (letter of notification) 150,000 shares of common stock (par one cent). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—847 E. New York Avenue, Brooklyn, N. Y. **Underwriter** — J. J. Krieger & Co., Inc., New York, N. Y.

● **Standard Carriage Works, Inc.**
May 5 (letter of notification) 100,000 shares of 6% convertible preferred stock. **Price**—At par ($3 per share). **Proceeds**—To purchase machinery, inventory and for working capital. **Office**—4120 E. Bandini Boulevard, Los Angeles 23, Calif. **Underwriter**—Holton, Henderson & Co., not John J. Keenan & Co., Inc., as previously listed. **Note**—Statement was effective on June 1.

Stelma, Inc. (6/27-7/1)
May 10 filed 175,000 shares of outstanding common stock. **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Stamford, Conn. **Underwriter**—Amos Treat & Co. Inc., New York City.

Super Food Services, Inc.
May 10 filed 60,000 preferred shares-convertible series ($1.50 annual cumulative dividend), $1 par. The company proposes to sell 50,000 shares through a group of underwriters headed by Wm. H. Tegtmeyer & Co., Chicago, Ill. on a firm commitment basis; and by a pre-offering subscription Central Securities Corp. has conditionally agreed to purchase 10,000 such shares. **Price**—$25 per share for public offering. **Proceeds**—To provide the funds to exercise an option to purchase 72,600 of the 113,003 issued and outstanding shares of common of Progressive Wholesale Grocery Co., at a maximum aggregate price of $1,333,333. **Office**—Chicago, Ill.

● **Swimming Pool Development Co., Inc. (6/27-7/1)**
April 15 filed 250,000 shares of common stock (par $1). **Price** — $5 per share. **Proceeds** — Principally for additional working capital. **Office** — Florence, Ala. **Underwriter**—Marron, Sloss & Co., Inc., New York.

★ **System Meat Co.**
June 2 filed 150,000 shares of common stock. **Price**—$5 per share. **Proceeds** — For payment of employees' salaries, first mortgage installment, accrued officers' salaries, and the balance for working capital. **Office** — Newcastle, Wyo. **Underwriter**—Purvis & Co., Denver, Colo. **Offering**—Expected sometime in July.

Talcott (James) Inc. (6/20-24)
May 19 filed $20,000,000 of senior notes, due June 1, 1980 and 150,000 shares of common stock (par $9). **Price**—To be supplied by amendment. **Proceeds**—To be added to the company's general funds and be available for general corporate purposes. **Office**—225 Park Ave., South, New York. **Underwriters**—F. Eberstadt & Co. and White, Weld & Co., both of New York.

Tampa Electric Co. (6/28)
May 19 filed $25,000,000 of first mortgage bonds, series due July 1, 1990. **Proceeds**—To be used to pay some $24,-000,000 of bank loans and for 1960 construction expenditures. **Office**—111 North Dale Mabry Hwy., Tampa, Fla. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Stone & Webster Securities Corp.; Merrill Lynch, Pierce, Fenner & Smith, Inc.; Goldman, Sachs & Co. **Bids**—Expected to be received up to 11 a.m. on June 28 at 90 Broad St., 19th floor, New York City. **Information Meeting**—June 24 at 11:00 a.m.

★ **Teaching Machines, Inc.**
May 24 (letter of notification) 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For working capital. **Office**—235 San Pedro, N. E., Albuquerque, N. M. **Underwriter**—None.

● **Telecomputing Corp. (6/14-15)**
April 11 filed 100,000 outstanding shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholder. **Office** — 915 North Citrus Ave., Los Angeles, Calif. **Underwriter** — Dean Witter & Co., New York City and Los Angeles.

Tempromatic Corp.
May 19 (letter of notification) 16,000 shares of common stock (par $10). **Price**—$11.50 per share. **Proceeds**—To repay a loan, purchase equipment and for inventories and working capital. **Address**—Highway 92, Deland, Fla. **Underwriter**—McCarley & Co., Inc., Asheville, N. C.

Texas Capital Corp.
May 4 filed 350,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—To be used to provide investment capital and management services to small business concerns. **Office**—705 Lamar Blvd.. Austin, Texas. **Underwriter**—Dempsey-Tegeler & Co., St. Louis, Mo. **Offering**—Expected in late June.

Texas Eastern Transmission Corp.
April 11 filed $25,000,000 of debentures, due 1980. **Price**—To be supplied by amendment. **Proceeds**—For the reduction of indebtedness and for construction expenses. **Office**—Houston, Texas. **Underwriter**—Dillon, Read & Co., Inc., New York City. **Note**—This offering has been indefinitely postponed.

● **Thermal Industries of Florida, Inc. (6/13-17)**
Feb. 26 filed 120,000 shares of common stock (par $1). **Price**—$6 per share. **Proceeds**—To be added to the company's general reserves. **Office**—Miami, Fla. **Underwriter**—Peter Morgan & Co., New York.

Three-L-Corp.
March 24 filed 3,500,000 shares of common stock. **Price**—$1 per share. Proceeds—$46,098 will be applied to the acquisition of 493 acreas of land in Fairfield Township, Hyde County, and $15,000 for payment of the July instalment on acquisition of about 12,726 acres in Hyde County; $500,000 for purchase and installation of machinery, equipment and saw mill and $75,000 for working capital in connection with lumber operations; $65,000 for January 1961 instalment payment on the 12,726 acres; and the balance to purchase livestock, planting feed and pasture, raising livestock, and additional working capital. **Office**—Fairfield, N. C. **Underwriter**—Participating dealers will receive 15 cents per share.

Thurow Electronics, Inc. (6/15)
March 28 filed 200,000 shares of class A common stock, (par $2.50) of which 100,000 shares are to be offered for public sale by the issuing company and the balance by H. M. Carpenter, President. **Price**—$3 per share. **Proceeds**—To be used as additional working capital for inventory and business expansion purposes. **Office**—121 South Water, Tampa, Fla. **Underwriter**—Donald V. Stabell, of St. Petersburg, Fla.

Trans Tech Systems, Inc. (6/27-7/1)
March 29 filed 65,000 shares of common stock (par one cent). **Price**—$10 per share. **Proceeds**—For general corporate purposes. **Office** — 5505 Wilshire Blvd., Los Angeles 48, Calif. **Underwriter**—Myron A. Lomasney & Co., New York.

● **Tri-Point Plastics, Inc.**
March 15 (letter of notification) 150,000 shares of common stock (par 10 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—175 I. U. Willets Road, Albertson, L. I., N. Y. **Underwriter**—Martinelli, Hindley & Co., Inc., New York, N. Y. **Offering**—Imminent.

Triumph Storecrafters Corp. (6/27-7/1)
May 18 filed 145,000 shares of common stock. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Office**—Houston, Texas. **Underwriters**—Hardy & Hardy New York City, and First Southeastern Co., Atlanta, Ga.

★ **Tropical Village Estates, Inc.**
June 1 (letter of notification) 300,000 shares of common stock (par 50 cents). **Price**—$1 per share. **Proceeds**—For working capital. **Office**—5981 S. W. 41st St., West Hollywood, Fla. **Underwriter**—None.

Underwriters National Assurance Co.
May 12 filed 240,000 shares of common capital stock. **Price**—$7.50 per share. **Proceeds**—For general corporate purposes, including payment of operating expenses, the carrying on of the insurance business, and for working capital (and including $50,000 which will be certified to State authorities for investigation and examination by it to procure the certificate of authority to transact insurance business). **Office**—1939 North Meridian St., Indianapolis, Ind. **Underwriter**—David L. Johnson & Associates, Inc., Indianapolis, Ind.

★ **Union Finance Corp.**
June 2 (letter of notification) 30,000 shares of 6% cumulative preferred stock. **Price** — At par ($10 per share). **Proceeds**—For working capital. **Office**—505 Twiggs St., Tampa, Fla. **Underwriter**—None.

United Components, Inc.
March 2 filed 110,000 shares of common stock, of which 10,000 shares are to be offered to Sheldon Leighton, a director, at $2.50 per share and the remainder is to be publicly offered. **Price**—To be supplied by amendment. **Proceeds** — For new equipment, advertising, and other general corporate purposes. **Office**—Orange, N. J. **Underwriter**—Darius, Inc., New York City.

● **United States Boat Corp. (6/27-7/1)**
March 28 filed 350,000 shares of common stock to be publicly offered. **Price**—$2 per share. **Proceeds**—$221,-

826 will be applied to the repayment of loans to United States Pool Corp. which were used for general corporate purposes, and the balance will be utilized for working capital, including a later repayment of $45,000 to U. S. Pool Corp. **Office** — 27 Haynes Avenue, Newark, N. J. **Underwriter**—Richard Bruce & Co., Inc., New York.

Universal Marion Corp.
April 15 filed 435,120 shares of common stock, to be offered for subscription by common stockholders at the rate of one new share for each four shares or fraction thereof. The record date is to be supplied by amendment. Common stock has no par value. **Price** — To be supplied by amendment. **Proceeds**—To be added to the general funds of the company and be available for use in developing the company's tract of land near Tampa, Fla., for working capital and for possible acquisition of other properties. **Office** — 602 Florida Theatre Bldg., Jacksonville, Fla. **Underwriter**—None.

Universal Marion Corp.
March 29 filed 31,361 shares of 4½% cumulative preferred stock ($100 par). **Price**—To be offered for sale in the over-the-counter market, or otherwise by public or private sale at $95 per share, or such lesser price or prices which may be obtained. **Proceeds**—To selling stockholders. **Office**—602 Florida Theater Bldg., Jacksonville, Fla. **Underwriter**—None.

Uranium Reduction Co. (6/15)
March 31 filed 200,000 outstanding shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds** — To selling stockholders. **Office** — 557 First Security Bldg., Salt Lake City, Utah. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

★ **Utahcan, Inc.**
May 31 (letter of notification) 663,234 shares of common stock (par 10 cents) of which 370,000 shares are to be offered to the public and the balance to be offered pursuant to special options issued by the company. **Price**—To the public, 50 cents per share and the remainder at 25 cents per share. **Proceeds** — For mining expenses. **Office**—1831 E. Sprague Ave., Spokane 3, Wash. **Underwriter**—None.

Varian Associates (7/14)
May 24 filed 216,645 shares of capital stock to be offered for subscription by stockholders of record July 14, at the rate of one new share for each 15 shares held. **Price** —To be supplied by amendment. **Proceeds** — For construction, new machinery, the retirement of outstanding bank loans, and the balance for working capital. **Office** —Palo Alto, Calif. **Underwriter**—Dean Witter & Co., San Francisco, Calif.

Wallace Properties, Inc.
April 5 filed $12,000,000 principal amount of 6% convertible subordinated debentures, due June 1, 1975 and 360,000 shares of common stock (par $2), to be offered only in units, each consisting of $100 principal amount of debentures and three shares of common stock. **Price** —To be supplied by amendment. **Office**—Dallas, Texas. **Underwriter**—Harriman Ripley & Co., Inc., New York. **Offering**—Expected sometime in June.

● **Waltham Precision Instrument Co., Inc. (6/15-20)**
April 15 filed 700,000 shares of common stock (par $1). It is proposed that this offering will be on a subscription basis to the company's present common stockholders. **Price**—To be supplied by amendment. **Proceds**—$600,000 to pay the balance of the purchase price for Boesch Manufacturing Co., Inc. stock; $350,000 to pay the 5% chattel mortgage note held by the Secretary of the U. S. Treasury as assignee of the Reconstruction Finance Corp.; $200,000 to pay the 6% secured notes issued as part payment for the stock of Electro-Mec Laboratory, Inc.; and the balance for working capital and other corporate purposes. **Office**—221 Crescent St., Waltham, Mass. **Underwriter**—Schweickart & Co., New York.

● **Warren Industries, Inc.**
April 29 filed 275,000 shares of common stock (par $1), of which 175,000 shares are to be issued and sold by the company and 100,000 shares which are outstanding and will be offered for the account of the holders thereof. **Price**—$3 per share. **Proceeds**—$50,000 to purchase new equipment; $25,000 for research and development; $25,000 for advertising and promotion; $200,000 to acquire and open new facilities; $23,649 for payment of notes to stockholders, and $78,100 for working capital. **Office**—3701 N. W. 51st St., Miami, Fla. **Underwriter**—Merritt, Vickers, Inc., of New York City, is withdrawing as underwriter, and it is expected that the statement will also be withdrawn.

● **West Ohio Gas Co.**
May 19 filed 43,048 shares of common stock. The company is offering this stock for subscription by its common stockholders of record June 6, 1960, at the rate of one new share for each 10 shares then held with rights to expire on July 7 at 2:00 p.m. EST. **Price**—$17.50 per share. **Proceeds**—To be added to the company's general funds and will be used for property additions and improvements. An additional $300,000 is to be provided through long term financing during the current year. **Office** — 319 West Market Street, Lima, Ohio. **Underwriter**—None.

Westmore, Inc. (6/13-20)
May 9 (letter of notification) 150,000 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Office**—137 South Ave., Fanwood, N. J. **Underwriter**—Jacey Securities Co., New York, N. Y.

Wheeler Fibre Glass Boat Corp.
May 19 filed 100,000 shares of common stock (par 10 cents). **Price**—$4 per share. **Proceeds**—$35,000 for purchase of machinery and equipment; $18,000 for required deposits on the company's lease, insurance and utilities; $185,000 for working capital and the balance for expansion of production facilities. **Office**—450 Zerega Avenue, Bronx, N. Y. **Underwriter**—Morris Cohon & Company, of New York. **Offering**—Expected in late June.

Whitmoyer Laboratories, Inc. (6/13-17)
Jan. 28 filed 85,000 shares of common stock and $500,000 of 6% subordinated debentures, due 1977, with warrants for the purchase of 10,000 additional common shares at $5 per share. **Price** — For the debentures, 100% of principal amount; for the 85,000 common shares, $6 per share. **Proceeds**—For general corporate purposes, including the reduction of indebtedness, sales promotion, and equipment. **Office**—Myerstown, Pa. **Underwriter**—Hallowell, Sulzberger, Jenks, Kirkland & Co., Philadelphia, Pa.

Willer Color Television System, Inc.
Jan. 29 (letter of notification) 80,890 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For general corporate purposes. **Office**—151 Odell Avenue, Yonkers, N. Y. **Underwriter**—Equity Securities Co., 39 Broadway, New York City. **Offering**—Expected in June.

Win-Chek Industries, Inc. (6/27-7/1)
April 26 filed 150,000 shares of class A stock to be publicly offered, 15,000 shares to be issued pursuant to a restricted stock option plan, and 21,500 shares being registered but not offered at this time. **Price**—$3 per share (par 25 cents). **Proceeds**—To purchase additional inventory and equipment and the balance to improve the company's working capital position. **Office** — Moonachie, N. J. **Underwriter**—Michael G. Kletz & Co. (managing).

WonderBowl, Inc.
April 14 filed 3,401,351 shares of common stock (par $2). **Price**—$2 per share. **Proceeds**—For purchase of certain property, for constructing a motel on said property and various leasehold improvements on the property. **Office** —7805 Sunset Boulevard, Los Angeles, Calif. **Underwriter**—Standard Securities Corp., same address.

● **Yale Express System, Inc. (6/10-17)**
March 25 filed 300,000 shares of class A stock (par 25 cents) of which 150,000 shares are to be offered for public sale by the issuing company and the balance by the company's board chairman. **Price** — $5.50 per share. **Proceeds**—$400,000 to restore working capital expended to acquire American Freight Forwarding Corp. and for expansion of the freight forwarder operation; $150,000 to restore funds advanced in connection with the terminal recently constructed in North Bergen, N. J. and the balance for expansion and improvement. **Office**—460 12th Avenue, New York. **Underwriter**—Michael G. Kletz & Co., Inc., New York.

Yardley Water Co.
May 11 (letter of notification) 4,000 shares of common stock to be offered for subscription by stockholders on the basis of one share for each three shares held. **Price** —$25 per share. **Proceeds**—To repay a debt, for construction of a pipe line, and for repayment of developers' loans. **Office**—50 W. College Ave., Yardley, Pa. **Underwriter**—None.

Yuscaran Mining Co.
May 6 filed 1,000,000 shares of common stock. **Price**— $1 per share. **Proceeds**—It is expected that some $100,000 will be used to purchase and install a mill for the processing of ore; $60,000 for rails, ties, rail cars and related equipment; $10,000 for rebuilding roads; $30,000 for transportation equipment; and $655,000 for working capital. **Office**—6815 Tordera St., Coral Gables, Fla. **Underwriter**—None.

Prospective Offerings

Acme Steel Co.
March 25 the company's annual report stated that capital improvements during 1960-63, inclusive, have been projected to cost between $40,000,000 and $45,000,000. It is anticipated that a substantial proportion of this money will be forthcoming from depreciation and retained earnings. In addition, the sale of $10,000,000 of preferred stock in 1960 is planned to supply a part of these overall capital requirements. **Office**—Chicago, Ill.

Alberta Gas Trunk Line Co. (10/4)
June 1 it was announced that the company is planning to offer in October four security issues totaling $110,000,000. $65 million first mortgage bonds will be sold in the United States and the balance of the financing in Canada.

Avnet Electronics Corp.
May 17 it was reported that the company contemplates the filing of about $2,000,000 of convertible debentures sometime in June. **Proceeds**—For expansion and general corporate purposes. **Office**—70 State St., Westbury, L. I., N. Y. **Underwriter**—Hemphill, Noyes & Co., New York.

Brooklyn Union Gas Co.
May 10 it was announced that thecompany plans no more financing this year, but there would be some in 1961, although the form it is to take has not as yet been determined.

City Gas Co.
March 10 it was reported that this company is expected to file an undetermined amount of common stock sometime in June. **Underwriter**—Kidder, Peabody & Co., New York City.

Consolidated Edison Co.
May 15 it was indicated by H. C. Forbes, Chairman, at the annual meeting of stockholders, that common stockholders may get rights to subscribe to convertible debentures or common stock in the Fall. This type of financing would be contingent upon the ability of the company to get its presently outstanding 4% debentures converted into common stock. Con Edison this year will spend about $225,000,000 on new construction compared with $222,000,000 in 1959 and $189,000,000 in 1958. For the five years through 1964, Mr. Forbes estimated that the utility would spend $1.2 billion for plant expansion. To finance the five-year program he said the company will have to issue some $800 million of securities of one kind or another.

● **Consumers Power Co. (7/26)**
April 29 the company asked the Michigan Public Service Commission for permission to issue and sell securities with base value of $73,101,600. The company proposes to issue and sell first mortgage bonds in the amount of $35,000,000 maturing not earlier than 1990 for the best price obtainable but not less favorable to the company than a 5¼% basis. The mortgage bonds are expected in the last quarter of the year. It also proposes to issue and sell convertible debentures in amount of $38,101,600 maturing not earlier than 1975 at a price not less favorable to the company than a 5¼% basis. These debentures are to be offered to the company's common share owners of record July 26 for subscription on the basis of $100 principal amount of debentures for each 25 shares of common stock held with rights to expire on Aug. 12. **Proceeds** — To be used to finance the continuing expansion and improvement of the company's electric and gas service facilities in a 65-county area outside of Greater Detroit. **Underwriter** — To be determined by competitive bidding. Probable bidders: For bonds — Halsey, Stuart & Co. Inc.; White, Weld & Co., and Shields & Co. (jointly); Morgan Stanley & Co.; The First Boston Corp., and Harriman Ripley & Co., Inc. For debentures—Morgan Stanley & Co. **Information Meeting**—For the convertible debentures, scheduled for July 22 at 11:00 a.m. at the Bankers Trust Co., 16 Wall St., New York City, 12th floor.

Deckert Dynamics, Inc.
March 16 it was announced that 100,000 shares of common stock are expected to be filed in June. **Proceeds**—For general corporate purposes. **Office**—Palmyra, Pa. **Underwriter**—Plymouth Securities Corp., New York City.

Florida Power & Light Co.
June 1 it was announced that the company anticipates further financing in 1960 approximating $25,000,000 and estimates that in 1961 it will require approximately $50,000,000 of new money. This company on May 31 floated a 400,000 common share offering through Merrill Lynch, Pierce, Fenner & Smith Inc. and associates at a price of $59.125 per share.

● **Florida Power Corp. (10/20)**
March 10 it was reported that $25,000,000 of first mortgage bonds will be sold by this utility. **Proceeds**—For new construction and repayment of bank loans. **Underwriter** —To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith Inc. (jointly); First Boston Corp.; Eastman Dillon, Union Securities & Co. and Harriman Ripley & Co. (jointly); Lehman Brothers and Blyth & Co. (jointly). **Information Meeting** —Scheduled for Oct. 17 at 11:00 a.m. at Morgan Guaranty Trust Co. **Bids**—Expected to be received on Oct. 20.

Ford Motor Credit Co.
March 28 it was reported that this company is developing plans for borrowing operations, which may include the issuance of debt securities, and possibly occur later this year. **Office**—Detroit, Mich.

Georgia Power Co. (11/3)
Dec. 9 it was announced that the company plans registration of $12,000,000 of 30-year first mortgage bonds with the SEC. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Equitable Securities Corp., and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and Kidder, Peabody & Co. (jointly); The First Boston Corp. **Registration**—Scheduled for Sept. 26. **Bids**—Expected to be received on Nov. 3. **Information Meeting**—Scheduled for Oct. 31.

Hayes Aircraft Corp.
Feb. 12 it was reported that an issue of convertible debentures is being discussed and may occur in the next few months. **Office**—Birmingham, Ala. **Possible Underwriter**—Sterne, Agee & Leach, Birmingham, Ala.

Houston Lighting & Power Co.
March 22 it was announced in the company's annual report that it anticipates approximately $35 million in new money will be required in 1960 to support the year's construction program, and to repay outstanding bank loans. Studies to determine the nature and timing of the issuance of additional securities are presently under way. Last August's offering of $25,000,000 of 4⅞% first mortgage bonds was headed by Lehman Brothers, Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler. **Office** — Electric Building, Houston, Texas.

Hydrometals, Inc.
May 25 it was reported that the company plans to file a rights offering of $2 million to $2½ million of convertible debentures. **Office** — Chrysler Bldg., New York. **Proceeds** — For working capital. **Underwriter** — H. M. Byllesby & Co., Inc., Chicago, Ill.

Idaho Power Co.
March 30 it was reported that the company plans to issue and sell $15,000,000 of 1st mortgage bonds due 1990 sometime in the fall. **Proceeds**—For capital expenditures, etc. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc., Lazard Freres & Co. and The First Boston Corp. (jointly); Merrill Lynch, Pierce, Fenner & Smith Inc.; Kidder, Peabody & Co. and White, Weld & Co. (jointly); Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Equitable Securities Corp.

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Illinois Bell Telephone Co. (7/6)
April 29 it was reported that the company plans the issuance and sale of about $50,000,000 of first mortgage bonds, maturity of which has not been set. **Proceeds**—For construction purposes. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; Glore, Forgan & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on July 6 up to 11 a.m. (EDST)

● **Indianapolis Power & Light Co. (9/27)**
April 18 it was reported that the company will issue and sell $12,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Lehman Brothers; Goldman, Sachs & Co., and The First Boston Corp. (jointly); Eastman Dillon, Union Securities & Co.; White, Weld & Co., and Shields & Co. (jointly); Blyth & Co., Inc.; Equitable Securities Corp. **Bids**—Expected to be received up to 11 a.m. New York Time on Sept. 27. **Information Meeting**—Scheduled for Sept. 22 at 11:00 a.m., at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

Iowa Electric Light & Power Co.
March 11 President Sutherland Dows stated that bonds would be sold in order to supplement money to be obtained from temporary bank loans, to acquire the $10,000,000 required to finance 1960 construction. **Office**—Cedar Rapids, Iowa.

K.V.P. Sutherland Paper Co.
May 11 it was reported that a secondary offering of common stock is presently being discussed. **Proceeds**—To selling stockholders. **Underwriter** — Lehman Brothers, New York.

Laclede Gas Co.
May 10 it was announced that in addition to the $15,000,000 of new capital expected to be provided by the July bond-equity financing, $33,000,000 will come from later sale of securities other than common stock and from retained earnings.

Long Island Trust Co. (6/14)
May 26 the directors of this bank voted to recommend the issuance of 61,413 new shares of capital stock (par $5). Subject to the approval of the stockholders at a special meeting to be held at 8 p.m. on June 14, 1960, the new shares will be offered to stockholders on June 14, 1960, on the basis of one new share of stock for each eight shares then held. **Price**—$23 per share. **Proceeds**—To increase capital and surplus. **Office** — 82 Seventh Ave., Garden City, L. I., N. Y. **Underwriter**—None.

Louisville Gas & Electric Co. (10/18)
April 27 it was reported that this company plans the issuance and sale of $16,000,000 of first mortgage bonds. **Proceeds**—For construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Lehman Brothers and Blyth & Co., Inc. (jointly); Kuhn, Loeb & Co., American Securities Corp. and Wood, Struthers & Co. (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Kidder, Peabody & Co. and Goldman, Sachs & Co. (jointly). **Bids**—Expected to be received on Oct. 18.

Mercantile Discount Co. of Chicago
May 25 it was reported that this company plans the filing of 128,000 shares of its common stock. **Office**—Chicago, Ill. **Proceeds**—For working capital. **Underwriters**—H. M. Byllesby & Co., Inc. and Rodman & Renshaw, both of Chicago, Ill.

Michigan Bell Telephone Co. (8/23)
May 23 it was announced that the company plans to come to market in August for the sale of $35,000,000 of debentures. **Proceeds**—For construction, costs of which are currently about $103,000,000 per year. **Office**—Detroit, Mich. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

Midland Enterprises Inc.
April 8 it was stated in the company's annual report that it contemplates the issuance on or before March 31, 1961 of a bond issue in an aggregate amount not to exceed $4,000,000. **Proceeds** — To finance river transportation equipment presently on order and expected to be ordered. **Office**—Cincinnati, Ohio.

Mohawk Insurance Co.
March 16 it was announced that the company expects to register its first public offering in June. The offering will consist of 75,000 common shares. **Price**—To be supplied by amendment. **Proceeds**—For expansion. **Office**—198 Broadway, New York City. **Underwriter** — R. F. Dowd & Co., Inc., 38 Broadway, New York City.

Nedick's Stores, Inc.
Nov. 12 it was reported that the company is contemplating the placing in registration of 17,000 shares of common stock. About 66% of the issue will be sold for the company's account and the remaining 34% balance will be sold for the account of a selling stockholder. **Underwriter**—Van Alstyne, Noel & Co., New York.

Northern States Power Co. (Minn.) (12/6)
May 11 it was reported that the company plans the issuance and sale of $35,000,000 of 30-year first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; Merrill Lynch, Pierce, Fenner & Smith Inc., Kidder, Peabody & Co. and White, Weld & Co. (jointly); The First Boston Corp. and Blyth & Co., Inc. (jointly); Lehman Brothers and Riter & Co. (jointly); Equitable Securities Corp. and Eastman Dillion, Union Securities & Co. (jointly). **Bids**—Expected to be received by Dec. 6.

Orange & Rockland Utilities, Inc.
April 18 it was stated that the company presently expects that such part of its construction program through 1962 and the refunding of $6,442,000 series B bonds maturing in 1961 as is not financed by the sale of the company's 39,165 shares of its convertible cumulative preferred stock, series E, 5% (par $100) will be financed from the proceeds of sale in 1961, subject to market conditions, of $10,000,000 of its first mortgage bonds, from depreciation and retained earnings and, to the extent of any remaining balance, from the proceeds of additional short-term borrowings.

● **Pacific Lighting Corp.**
May 11 it was announced that this company, in order to finance additional pipeline distribution systems, plans to sell $30,000,000 of first mortgage bonds and $20,000,000 of preferred stock later this year.

Pacific Power & Light Co.
Jan. 29 it was announced that the company plans to issue at least $20,000,000 of securities, the date and form of which will be announced at a later date. **Proceeds**—To retire $20,000,000 of unsecured promissory notes, to mature on or prior to July 31, 1961. The notes will be issued to finance part of the issuer's 1960-61 construction expenditures, which are expected to total about $61,000,000. **Office**—Portland, Ore.

Panhandle Eastern Pipe Line Co.
April 19 it was reported that this company might sell about $65,000,000 of debentures, possibly in the third quarter of this year. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Kidder, Peabody & Co., both of New York.

Potomac Electric Power Co.
March 21 it was stated in the company's annual report it is anticipated that their 1960 construction program will amount to $39 million and there will be further financing of about $15 million of an as yet undetermined type. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co., Inc.; First Boston Corp.; Dillon, Read & Co. and Johnston, Lemon & Co. (jointly); Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Eastman Dillon & Union Securities & Co. and Stone & Webster Securities Corp. (jointly).

Public Service Co. of New Hampshire
April 4 it was stated in the company's annual report that short-term borrowings will increase progressively during 1960 until further permanent financing is undertaken later in the year. The timing, type, and amount of this financing has not been determined.

● **Public Service Electric & Gas Co. (9/20)**
May 18 directors of this company took preliminary steps for the sale of $50,000,000 in first and refunding mortgage bonds with a maturity of not more than 30 years. **Proceeds** — To pay all or part of company's short-term indebtedness incurred for construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly). **Bids**—Expected to be received on Sept. 20 up to 11 a.m., in Newark, N. J. **Information Meeting**—Scheduled for Sept. 15 at 11:00 a.m. at the Chase Manhattan Bank, 43 Exchange Place, New York City, Room 238.

Rochester Gas & Electric Corp.
March 1 it was stated in the company's annual report that the company has filed an application with the New York State Public Service Commission for the right to issue $10,000,000 of new preferred stock. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co., White Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co.; Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co., and Equitable Securities Corp. (jointly); Blyth & Co., Inc.; The First Boston Corp.

San Diego Gas & Electric Co.
April 8 it was reported that $25,000,000 of bonds is expected to be sold sometime in the third quarter of this year. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co.; First Boston Corp., Eastman Dillon, Union Securities & Co. and Merrill Lynch, Pierce, Fenner & Smith (jointly); Lehman Brothers and Salomon Bros. & Hutzler (jointly).

(Jos.) Schlitz & Co.
March 11 it was reported that a secondary offering might be made this summer. **Underwriters** — Merrill Lynch, Pierce, Fenner & Smith Inc. and Harriman Ripley & Co. Inc., both of New York City.

● **South Carolina Electric & Gas Co.**
March 25, S. C. McMeekin, President, informed this paper of plans to sell an undetermined principal amount of bonds, the timing of which will be subject to market conditions. **Proceeds**—To repay bank loans incurred for current construction program. Previous issues have been placed privately. **Note**—It has since been reported that approximately $12 million of bonds is expected to be placed privately in the first quarter of 1961.

Southern California Edison Co. (8/23)
March 15 it was stated in the company's annual report that besides the $30,000,000 issue of series L mortgage bonds sold to underwriters in January, 1960, an additional $55,000,000 to $60,000,000 will be needed to complete its estimated $123,000,000 construction program for 1960. This financing is dependent upon market conditions, and will probably be some type of debt security.

● **Southern Counties Gas Co. (7/26)**
May 16 it was reported that the company contemplates the issuance and sale of approximately $22,000,000 of first mortgage bonds. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc. **Bids**—Tentatively expected on July 26. **Information Meeting**—Scheduled for July 22 at 10:00 a.m. EDT at the Bankers Trust Co.

Southern Natural Gas Co.
April 4 it was stated in the company's annual report that the company expects to provide for the payment of certain outstanding notes through the issuance of first mortgage bonds and other debt securities. The timing of the issue or issues was not stated in the report. **Office**—Birmingham, Ala.

Southwestern Bell Telephone Co. (8/9)
March 28 directors of this company recommended a $100,000,000 debenture issue, subject to approval by regulatory authorities. **Proceeds**—To finance an expansion and improvement program over the next five years. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received on or about Aug. 9 up to 11:00 a.m. EDT.

Steck Co.
May 4 it was reported that the company plans the filing of 60,000 shares of common stock. **Office** — Austin, Texas. **Registration** — Sometime in June. **Underwriter**—Rauscher, Pierce & Co., Inc., Dallas, Texas.

Telephone & Electronics Corp.
It was reported May 18 that a "Reg. A" filing of 52,980 shares of this firm's 25 cent par common stock, constituting the company's initial public financing, is expected shortly. **Office**—7 East 42nd St., New York City. **Underwriter**—Equity Securities Co., 39 Broadway, New York City 6, N. Y.

Tennessee Valley Authority
Jan. 20 announced that, pursuant to August, 1959, authorization from Congress to have $750,000,000 of revenue bonds outstanding at any one time, it plans its first public offering, expected to be about $50,000,000, for sometime in the Fall. May 13 it was announced that about $50,000,000 of additional revenue bonds will be offered in the Spring of 1961. The type of bond issued will depend on market conditions. **Proceeds**—To finance construction of new generating capacity. Power Financing Officer: G. O. Wessenauer. Financial Advisor: Lehman Brothers. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc., First National City Bank of New York, Equitable Securities Corp. and Smith, Barney & Co. (jointly); First Boston Corp., Lazard Freres & Co., Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Chase Manhattan Bank and Morgan Guaranty Trust Co. of N. Y. (jointly); and Blyth & Co. and J. C. Bradford & Co. (jointly).

Trans World Airlines, Inc.
April 8 it was announced that the company plans to offer to its stockholders $100,000,000 of subordinated income debentures with detachable common stock purchase warrants, and Hughes Tool Co. (parent) will purchase not only its pro-rata portion ($78,000,000) but also enough of any debentures not taken up by others to provide TWA with at least $100,000,000. **Proceeds** — Together with $190,000,000 proposed private placement which is presently being worked on by this company's bankers, will be used for expansion of the company's jet fleet. **Underwriters**—Dillon, Read & Co., Inc., Lazard Freres & Co., and Lehman Brothers, all of New York.

Union Electric Co.
March 16 it was announced by Dudley Sanford, Executive Vice-President, that the company plans an offering of debt securities in the range of $30,000,000 to $35,000,000. **Proceeds**—To meet construction expenses. **Office**—315 No. 12th Blvd., St. Louis, Mo. **Offering**—Expected in the latter part of this year.

Union Trust Co. of Maryland
April 21 directors of this bank announced plans to boost its capital stock by 100,000 shares to 500,000 shares, $10 par. The bank is offering for subscription to present holders of record May 31, 100,000 shares on the basis of one new share for each four held with rights to expire on June 20 at 3:30 p.m. EDT. **Price**—$46 per share. **Proceeds**—To increase capital and surplus. **Underwriter**—Alex. Brown & Sons, Baltimore, Md.

● **Utah Power & Light Co. (9/14)**
June 1 it was reported that $17 million of debt securities and $10 million of common stock is expected to be sold sometime in the third quarter of this year. **Proceeds**—For construction purposes and repayment of bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co. and First Boston Corp. (jointly); White, Weld & Co.; Stone & Webster Securities Corp. (jointly); Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Eastman Dillon, Union Securities & Co. and Smith, Barney & Co. (jointly); Lehman Bros.; Bear, Stearns & Co. **Bids**—Expected to be received on Sept. 14. **Information Meeting**—Scheduled for Sept. 12 at 2 Rector St., New York City.

Virginia Electric & Power Co. (9/13)
Feb. 5 it was reported that approximately $25,000,000 first mortgage bonds will be offered for sale. **Underwriters** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; White, Weld & Co.; Eastman Dillon, Union Securities & Co.; Stone & Webster Securities Corp. **Bids**—Expected to be received on Sept. 13.

Winter Park Telephone Co.
May 10 it was announced that this company, during the first quarter of 1961, will issue and sell approximately 30,000 additional shares of its common stock. This stock will be offered on a rights basis to existing stockholders and may or may not be underwritten by one or more securities brokers. Future plans also include the sale of $2,000,000 of bonds in the second quarter of 1961. **Office**—132 East New England Ave., Winter Park, Fla.

STATE OF TRADE AND INDUSTRY

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free world could change the outlook.

Steelmaking operations last week fell 3.7 points to 61.9% of capacity. Output: 1,765,000 ingot tons. Since additional cutbacks are planned this week, it is apparent operations will tumble into the 50s before leveling off.

The scrap market declined last week. "Steel's" composite on No. 1 heavy melting steel fell $1.33 to $32 a gross ton, lowest point since May, 1958.

This Week's Steel Output Based On 62.3% of Capacity

The American Iron and Steel Institute announced that the operating rate of the steel companies will average *110.5% of steel capacity for the week, beginning June 6, equivalent to 1,775,000 tons of ingot and steel castings (based on average weekly production of 1947-49). These figures compare with the actual levels of *107.4% and 1,726,000 tons in the week beginning May 30.

Actual output for last week beginning May 30, 1960 was equal to 60.6% of the utilization of the Jan. 1, 1960 annual capacity of 148,570,970 net tons. Estimated percentage for this week's forecast based on that capacity is 62.3%.

A month ago the operating rate (based on 1947-49 weekly production) was *130.9% and production 2,102,000 tons. A year ago the actual weekly production was placed at 2,604,000 tons, or *162.1%.

*Index of production is based on average weekly production for 1947-49.

Compacts Continue to Account for Larger Portion of Car Output

Production of an estimated 36,200 U. S. compact cars will account for 30% of total car output in the week ended June 4, the greatest share of weekly production the compacts have captured, "Ward's Automotive Reports" said. In the previous week, 36,969 small cars were built, and they amounted to 26% of industry output, "Ward's" said.

The reporting service said automobile production in the U. S. took the sharpest plunge of the year in the June 4 week as Memorial Day reduced most plant operations to four days.

"Ward's" said the industry scheduled only 117,051 car completions, about 18% of last week's 142,359.

However, "Ward's" noted that the smaller production total was overshadowed somewhat by the fact that daily car output continued to average 28,100 units, the same pace maintained by the industry a week earlier.

This, said "Ward's," indicates that had auto plants carried out five day production, total car output would have equaled or surpassed the earlier week's scheduling.

The reporting service said some plants, such as Ford's Falcon and Comet facilities, four Chevrolet plants and American Motors, continued building cars through Saturday in order to keep pace with mounting dealer orders.

The plant shutdown list included the Ford-Mercury factory at Los Angeles, and Ford sites at Chester, Pa., Dallas, Texas, Louisville, Ky., and St. Paul, Minn.—all were reported closed for the week to balance productions with regional dealer inventories.

Car Loadings 6.8% Below Corresponding 1959 Week

Loading of revenue freight for the week ended May 28, 1960, totaled 640,388 cars, the Association of American Railroads announced. This was a decrease of 46,675 cars of 6.8% below the corresponding week in 1959 but an increase of 110,609 cars or 20.9% above the corresponding week in 1958.

Loadings in the week of May 28, were 3,580 cars or six tenths of one per cent above the preceding week.

There were 10,927 cars reported loaded with one or more revenue highway trailers (piggyback) in the week ended May 21, 1960 (which were included in that week's over-all total). This was an increase of 2,393 cars or 28.0% above the corresponding week of 1959 and 5,715 cars or 109.7% above the 1958 week. Cumulative loadings for the first 20 weeks of 1960 totaled 210,103 for an increase of 59,080 cars or 39.1% above the corresponding period of 1959, and 117,117 cars or 126.0% above the corresponding period in 1958. There were 53 class I U. S. railroad systems originating this type traffic in the current week compared with 47 one year ago and 40 in the corresponding week of 1958.

Intercity Truck Tonnage for May 28th Week was 1.8% Below Corresponding 1959 Week

Intercity truck tonnage in the week ended May 28 was 1.1% ahead of the previous week of this year, the American Trucking Associations, Inc., announced. Truck tonnage was 1.8% below the volume in the corresponding week of 1959.

These findings are based on the weekly survey of 34 metropolitan areas conducted by the ATA Research Department. The report reflects tonnage handled at more than 400 truck terminals of common carriers of general freight throughout the country.

Electric Output 0.9% Above 1959 Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, June 4, was estimated at 13,134,000,000 kwh., according to the Edison Electric Institute. Output was 438,000,000 kwh. below that of the previous week's total of 13,572,000,000 kwh. and showed a gain of 111,000,000 kwh., or 0.9% above that of the comparable 1959 week.

Lumber Shipments Were 9.3% Above Production During Week Ended May 28

Lumber shipments of 445 mills reporting to the National Lumber Trade Barometer were 9.3% above production during the week ended May 28, 1960. In the same week new orders of these mills were 11.3% below production. Unfilled orders of reporting mills amounted to 30% of gross stocks. For reporting softwood mills, unfilled orders were equivalent to 16 days' production at the current rate, and gross stocks were equivalent to 52 days' production.

For the year-to-date, shipments of reporting identical mills were 4.8% below production; new orders were 7.8% below production.

Compared with the previous week ended May 21, 1960, production of reporting mills was 0.8% below; shipments were 9.5% above; orders were 2.2% above. Compared with the corresponding week in 1959, production of reporting mills was 5.6% below; shipments were 0.6% above; and new orders were 13.1% below.

Six-Month Trading Up 26% on The New York Commodity Exchange

Trading in all futures contracts on Commodity Exchange, Inc. in the first six months of the 1960 fiscal year increased 26% over volume in the corresponding period of 1959, according to figures released by the Exchange.

During the period from Dec. 1, 1959 to May 31, 1960, a total of 66,941 contracts changed hands on Comex, or 13,929 more contracts than the 53,012 traded in the similar period a year earlier. The total of 66,941 contracts traded is the second largest recorded for any six-month period since resumption of trading on Comex after World War II.

Copper and hides accounted for the greater part of the increased trading, while rubber, lead and zinc were less active than a year ago.

Total contracts traded for the first half of 1960 were: Copper, 49,125; hides, 6,746; rubber, 7,716; zinc, 2,002; and lead, 1,352.

Commodity Exchange, Inc. is the marketplace for futures trading in copper, lead, zinc, hides and rubber.

Business Failures Down in Holiday Week Ended June 2

Commercial and industrial failures dipped to 274 in the week ended June 2 from 299 in the preceding week, reported Dun & Bradstreet, Inc. At the lowest level in any week since January, casualties also fell below the 314 in the comparable week last year and the 325 in 1958. However, some 10% more businesses succumbed than in pre-war 1939 when 249 occurred in the similar week.

Failures involving liabilities of $5,000 or more dipped to 249 from 259 in the previous week and 272 a year ago. Among small casualties, those with liabilities under $5,000, there was a drop to 25 from 40 a week earlier and 42 in 1959. Liabilities exceeded $100,000 for 30 of the concerns failing during the week, as compared with 33 in the preceding week.

Wholesale Food Price Index Slips From Prior Week

The Wholesale Food Price Index, compiled by Dun & Bradstreet, Inc., slipped fractionally in the latest week from the prior period, and was down somewhat from that of the comparable period a year ago. On May 31 it stood at $5.93, down 0.2% from the week earlier $5.94, and 2.3% below last year's $6.07.

Commodities quoted higher in wholesale cost this week were oats, lard, potatoes, and hogs. Lower in price were flour, wheat, rye, bellies, milk, eggs and steers.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meat in general use. It is not a cost-of-living index. Its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Index Down Appreciably in Latest Week

Lower prices on most grains, flour, steers and rubber held the general commodity price level this week appreciably below the prior period. The Daily Wholesale Commodity Price Index, Compiled by Dun & Bradstreet, Inc., dipped to 272.80 (1930-32=100) on June 6 from 273.42 a week earlier. It also was noticeably below the 276.92 of the corresponding period a year ago.

Grain trading was limited during the week and most prices dipped appreciably. Despite some reports of unfavorable weather conditions in certain growing areas, the buying of wheat lagged and prices were down significantly from a week earlier; sales of wheat to flour mills remained sluggish. While export sales of rye picked up somewhat, domestic buying lagged and prices were substantially lower.

Although trading in corn remained close to the prior week and supplies in some markets were lower, corn prices slipped somewhat. There was a moderate decline in oats prices, reflecting sluggish sales and light receipts. Soybeans volume was up slightly and receipts expanded, but prices were down fractionally from a week earlier, a slight gain occurred in both domestic and export buying of soybean oil.

Despite a lower than expected estimate of the Winter wheat crop, purchases of flour lagged and prices fell noticeably; the export market for flour was dull. Domestic buying of rice was steady and export purchases expanded holding prices close to a week earlier; this occurred despite reports of favorable weather in growing areas.

Transactions in sugar were steady and prices were unchanged from the preceding week. Although cocoa prices picked up at the end of the period, they finished somewhat below a week earlier; cocoa trading was down slightly. Coffee transactions were sluggish, but prices were steady.

There was a fractional decrease in steer prices during the week and trading slipped below the prior period; cattle receipts in Chicago were down moderately due to the Memorial Day holiday. In contrast, hog prices moved up moderately and trading was appreciably higher, hog receipts fell noticeably. Prices on lambs were steady and trading was unchanged.

Although trading in cotton futures lagged during the week, spot cotton prices on the New York Cotton Exchange were steady. United States exports of cotton in the week ended last Tuesday were down to 60,000 bales from the 199,000 of the prior week, the first week-to-week dip since early last November. The total for the similar week last year was 70,000 bales. For the current season through May 31, cotton exports totalled 6,084,000 bales, compared with 2,425,000 bales in the corresponding 1959 period.

Consumer Buying Down Slightly From Last Year

Consumer buying of summer merchandise was discouraged this week by continued cool wet weather in many areas, holding over-all retail trade fractionally below a year ago when extremely warm temperatures stimulated sales. The declines occurred despite the fact that Memorial Day fell on Monday this year, while a year ago the holiday was on Saturday. Year-to-year declines in apparel, appliances, and indoor furniture offset gains in outdoor furniture, floor coverings and new passenger cars.

The total dollar volume of retail trade in the week ended June 1 was from 3% below to 1% higher than a year ago, according to spot estimates collected by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1959 levels by the following percentages: Mountain +1 to +5; South Atlantic and Pacific Coast —1 to +3; Middle Atlantic, West North Central, and West South Central —2 to +2; East North Central —3 to +1; New England and East South Central —4 to 0.

Nationwide Department Store Sales Up 14% for May 28 Week

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended May 28, 1960, show an increase of 14% below the like period last year. In the preceding week, for May 21, a decrease of 1% was reported. For the four weeks ended May 28, a 2% increase was registered over the same period in 1959 while the Jan. 1 to May 28 period showed a 3% increase.

According to the Federal Reserve System department store sales in New York City for the week ended May 28 a 21% increase was reported over the like period last year. In the preceding week ended May 21 sales remained unchanged over the like period last year. For the four weeks ending May 28 a 7% increase was reported over the 1959 period, and from Jan. 1 to May 28 showed a 6% increase over 1959.

Witco Chemical Debens. Offered

An underwriting group headed by Smith, Barney & Co., Inc. and Goldman, Sachs & Co. is offering to the public today (June 9) $8,000,000 Witco Chemical Co., Inc. (New York, N. Y.) 5% sinking fund debentures due 1980 at 100%, plus accrued interest.

Witco produces and markets a diversified line of organic chemicals, detergents and detergent chemicals, asphalt and asphalt compounds and tar products. Witco sells substantial quantities of carbon black as exclusive distributor for an associated company; it also sells additional products manufactured by others. Net sales during 1959 amounted to $51,207,000 and net income to $2,013,000.

The proceeds from the sale of the debentures will be applied toward the company's construction and expansion program for which expenditures of up to $10,000,000 have currently been authorized. The major project involves the expenditure of $5,000,000 for the construction of a second phthalic anhydride plant and general facilities in the east coast area. The plant will have an annual capacity of 30,000,000 pounds to supplement the 20,000,000 pound capacity of the Chicago phthalic facility completed last year. Phthalic anhydride is a basic chemical material used primarily by the plastic and paint industries.

Another authorized project is the construction of a $1,600,000 synthetic detergents plant in Chicago which will increase by 50% Witco's capacity to produce finished dry household synthetic detergent products. Other projects include the construction of a prepolymer plant also in Chicago, the construction in California of an alkybenzene plant by a corporation 50% owned by Witco at an estimated cost to Witco of approximately $1,000,000 and the construction in England of a synthetic latices plant at an estimated cost of $2,000,000 by a corporation which will be at least 50% owned by Witco.

The sinking fund of the debentures requires annual sinking fund payments commencing in 1963 and is designed to retire 79.7% of the issue prior to maturity. The debentures may not be optionally redeemed by the company prior to June 1, 1965 from moneys borrowed at an interest cost of less than 5% per annum.

Capitalization of the company will consist of the new debentures and 1,209,834 shares of common stock after giving effect to a 50% common stock distribution payable June 15, 1960.

Phila. Inv. Ass'n Annual Outing

PHILADELPHIA, Pa. — The annual outing of the Investment Association of Philadelphia will be held on Friday, June 24, at the Whitford Country Club, Whitford, Pa.

The day's activities will include golf and tennis and a "stock Exchange" in the early evening, followed by dinner.

Co-Chairman of the Entertainment Committee are: Henry E. Crouter, of DeHaven & Townsend, Crouter & Bodine and William P. Brown of Bache & Co.

Form Pepco Investments

NEWARK, N. J.—Pepco Investments, Inc., is engaging in a securities business from offices at 790 Broad Street. Officers are O. Allen Funke, president; Luke T. Nitti, vice president; and Alfred A. Porro, Jr., secretary-treasurer.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated Steel operations (per cent capacity)	June 11	§62.3	*60.6	73.8	92.0
Equivalent to—					
Steel ingots and castings (net tons)	June 11	§1,775,000	*1,726,000	2,102,000	2,604,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	May 27	6,814,560	6,864,010	7,014,310	7,202,625
Crude runs to stills—daily average (bbls.)	May 27	¶7,899,000	7,935,000	7,945,000	7,888,000
Gasoline output (bbls.)	May 27	28,654,000	27,262,000	27,507,000	28,501,000
Kerosene output (bbls.)	May 27	2,324,000	2,218,000	2,248,000	1,700,000
Distillate fuel oil output (bbls.)	May 27	12,305,000	12,097,000	12,012,000	12,372,000
Residual fuel oil output (bbls.)	May 27	6,304,000	6,188,000	6,622,000	6,663,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	May 27	211,653,000	214,128,000	219,524,000	203,140,000
Kerosene (bbls.) at	May 27	24,421,000	22,922,000	20,024,000	24,030,000
Distillate fuel oil (bbls.) at	May 27	91,453,000	87,972,000	81,375,000	97,544,000
Residual fuel oil (bbls.) at	May 27	39,997,000	38,875,000	39,320,000	54,669,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	May 28	640,388	636,808	643,271	687,063
Revenue freight received from connections (no. of cars)	May 28	539,262	541,238	542,353	576,861
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	June 2	$648,000,000	$389,100,000	$530,400,000	$315,700,000
Private construction	June 2	481,600,000	173,200,000	235,100,000	177,900,000
Public construction	June 2	166,400,000	215,900,000	295,300,000	137,800,000
State and municipal	June 2	131,300,000	175,900,000	209,700,000	104,300,000
Federal	June 2	35,100,000	40,000,000	85,600,000	33,500,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	May 28	8,410,000	*8,425,000	8,300,000	8,248,000
Pennsylvania anthracite (tons)	May 28	313,000	290,000	306,000	360,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	May 28	139	138	151	122
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	June 4	13,134,000	13,572,000	13,139,000	13,023,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	June 2	274	299	327	314
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	May 31	6.196c	6.196c	6.196c	6.196c
Pig iron (per gross ton)	May 31	$66.41	$66.41	$66.41	$66.41
Scrap steel (per gross ton)	May 31	$32.50	$32.50	$33.17	$37.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	June 1	32.600c	32.600c	32.600c	31.150c
Export refinery at	June 1	29.300c	29.800c	31.675c	29.400c
Lead (New York) at	June 1	12.000c	12.000c	12.000c	12.000c
Lead (St. Louis) at	June 1	11.800c	11.800c	11.800c	11.800c
‡Zinc (delivered) at	June 1	13.500c	13.500c	13.500c	11.500c
Zinc (East St. Louis) at	June 1	13.000c	13.000c	13.000c	11.000c
Aluminum (primary pig. 99.5%) at	June 1	26.000c	26.000c	26.000c	24.700c
Straits tin (New York) at	June 1	100.125c	100.000c	99.125c	104.750c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	June 7	86.55	85.02	85.30	83.10
Average corporate	June 7	85.20	84.68	84.81	86.38
Aaa	June 7	89.64	89.09	89.37	89.78
Aa	June 7	87.45	87.18	87.32	88.27
A	June 7	84.68	84.17	84.30	86.11
Baa	June 7	79.49	78.90	78.78	81.90
Railroad Group	June 7	83.40	82.52	82.52	85.46
Public Utilities Group	June 7	85.46	85.07	85.33	85.33
Industrials Group	June 7	86.91	86.65	86.65	88.40
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	June 7	3.88	4.06	4.02	4.17
Average corporate	June 7	4.77	4.81	4.80	4.68
Aaa	June 7	4.44	4.48	4.46	4.43
Aa	June 7	4.60	4.62	4.61	4.54
A	June 7	4.81	4.85	4.84	4.70
Baa	June 7	5.23	5.28	5.29	5.03
Railroad Group	June 7	4.91	4.98	4.98	4.75
Public Utilities Group	June 7	4.75	4.78	4.76	4.76
Industrials Group	June 7	4.64	4.66	4.66	4.53
MOODY'S COMMODITY INDEX	June 7	376.5	377.2	379.8	389.8
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	May 28	313,558	296,404	321,258	350,614
Production (tons)	May 28	310,595	325,053	307,102	326,467
Percentage of activity	May 28	93	95	92	97
Unfilled orders (tons) at end of period	May 28	448,196	441,637	428,599	497,831
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE=100	June 3	110.31	110.29	110.38	110.29
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS					
Transactions of specialists in stocks in which registered—					
Total purchases	May 13	2,417,180	2,209,910	1,602,360	2,828,290
Short sales	May 13	449,890	445,740	260,510	457,210
Other sales	May 13	1,965,900	1,795,100	1,240,530	2,407,610
Total sales	May 13	2,415,790	2,240,840	1,501,040	2,864,820
Other transactions initiated off the floor—					
Total purchases	May 13	394,790	279,320	245,230	558,870
Short sales	May 13	43,500	65,600	14,300	57,200
Other sales	May 13	333,020	255,840	230,970	446,100
Total sales	May 13	376,520	321,440	245,270	503,300
Other transactions initiated on the floor—					
Total purchases	May 13	723,021	673,030	510,300	930,640
Short sales	May 13	139,940	120,830	66,860	108,110
Other sales	May 13	718,619	575,955	521,422	877,390
Total sales	May 13	858,559	696,785	588,282	985,500
Total round-lot transactions for account of members—					
Total purchases	May 13	3,534,991	3,162,260	2,357,890	4,317,800
Short sales	May 13	633,330	632,170	341,670	622,520
Other sales	May 13	3,017,539	2,636,895	1,992,922	3,731,100
Total sales	May 13	3,650,869	3,259,065	2,334,592	4,353,620
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	May 13	1,726,857	1,744,393	1,260,341	2,018,040
Dollar value	May 13	$83,414,474	$83,966,716	$64,930,707	$105,944,393
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	May 13	1,559,486	1,454,606	1,140,057	1,846,943
Customers' short sales	May 13	17,181	17,543	7,833	7,176
Customers' other sales	May 13	1,542,305	1,437,063	1,132,224	1,839,767
Dollar value	May 13	$73,966,740	$68,802,358	$56,393,379	$94,690,387
Round-lot sales by dealers—					
Number of shares—Total sales	May 13	419,810	368,700	316,860	488,630
Short sales	May 13	------	------	------	------
Other sales	May 13	419,810	368,700	316,860	488,630
Round-lot purchases by dealers— Number of shares	May 13	593,980	646,040	441,490	659,290
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	May 13	792,470	806,430	426,880	741,590
Other sales	May 13	15,051,040	13,693,380	10,366,290	18,386,510
Total sales	May 13	15,843,510	14,499,810	10,793,170	19,128,100
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	May 31	119.7	119.7	119.8	119.4
Farm products	May 31	89.8	89.9	90.7	91.1
Processed foods	May 31	107.3	107.1	107.0	107.3
Meats	May 31	97.5	96.8	96.2	101.5
All commodities other than farm and foods	May 31	128.4	128.4	128.4	127.8

*Revised figure. ¶Includes 1,088,000 barrels of foreign crude runs. §Based on new annual capacity of 148,570,970 tons as of Jan. 1, 1960 as against Jan. 1, 1959 basis of 147,633,670 tons. †Number of orders not reported since introduction of Monthly Investment plan. ‡Prime Western Zinc sold on delivered basis at centers where freight from East St. Louis exceeds one-half cent a pound.

	Latest Month	Previous Month	Year Ago
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD — Month of May (000's omitted):			
Total U. S. construction	$1,803,000	$2,005,000	$1,876,500
Private construction	903,000	1,150,000	909,100
Public construction	900,000	855,000	967,400
State and municipal	705,000	697,000	702,500
Federal	195,000	158,000	264,900
COTTON AND LINTERS — DEPARTMENT OF COMMERCE—RUNNING BALES:			
Consumed month of April	707,615	*888,335	718,040
In consuming establishments as of April 30	1,961,744	*1,982,327	1,586,616
In public storage as of April 30	8,653,685	9,754,763	9,531,870
Linters—Consumed month of April	102,784	124,457	102,735
Stocks April 30	625,105	*653,037	796,907
Cotton spindles active as of April 30	17,599,000	17,602,000	17,945,000
COTTON SEED AND COTTON SEED PRODUCTS—DEPT. OF COMMERCE—Month of April:			
Cotton Seed—			
Received at mills (tons)	16,300	38,000	6,300
Crushed (tons)	373,700	*528,300	323,500
Stocks (tons) April 30	596,000	953,400	405,500
Cake and Meal—			
Stocks (tons) April 30	188,900	140,800	166,400
Produced (tons)	175,800	*246,700	151,500
Stocks (tons)	127,700	*255,400	124,900
Hulls—			
Stocks (tons) April 30	48,200	42,000	104,900
Produced (bales)	86,100	*121,500	76,300
Shipped (tons)	79,900	*135,400	82,000
Linters—			
Stocks (bales) April 30	156,500	182,700	249,800
Produced (bales)	113,000	*160,300	96,000
Shipped (bales)	139,200	*174,400	133,000
EMPLOYMENT AND PAYROLLS—U. S. DEPT. OF LABOR REVISED SERIES—Month of April:			
All manufacturing (production workers)	12,341,000	*12,444,000	12,167,000
Durable goods	7,125,000	*7,209,000	7,025,000
Nondurable goods	5,216,000	*5,235,000	5,142,000
Employment indexes (1947-49 Avge. = 100)—			
All manufacturing	100.9	*100.8	99.5
Payroll indexes (1947-49 Average = 100)—			
All manufacturing	169.3	*172.8	167.0
Estimated number of employees in manufacturing industries—			
All manufacturing	16,365,000	16,478,000	16,034,000
Durable goods	9,533,000	9,629,000	9,314,000
Nondurable goods	6,832,000	6,849,000	6,720,000
LIFE INSURANCE BENEFIT PAYMENTS TO POLICYHOLDERS — INSTITUTE OF LIFE INSURANCE—Month of March:			
Death benefits	$327,500,000	$282,500,000	$278,000,000
Matured endowments	63,500,000	57,300,000	58,400,000
Disability payments	11,100,000	9,900,000	10,000,000
Annuity payments	58,600,000	58,500,000	52,900,000
Surrender values	155,900,000	129,400,000	137,500,000
Policy dividends	153,600,000	119,000,000	137,200,000
Total	$770,200,000	$656,600,000	$674,000,000
MANUFACTURERS' INVENTORIES AND SALES Month of April (millions of dollars):			
Inventories—			
Durables	$32,100	$32,100	$29,500
Nondurables	22,600	*22,600	21,500
Total	$54,700	$54,700	$51,100
Sales	30,800	*32,500	30,900
METAL PRICES (E. & M. J. QUOTATIONS)—			
May:			
Copper—			
Domestic refinery (per pound)	32.600c	32.600c	31.155c
Exports refinery (per pound)	30.302c	31.684c	28.814c
††London, prompt (per long ton)	£248.233	£262.125	£236.206
††Three months, London (per long ton)	£243.006	£244.750	£236.575
Lead—			
Common, New York (per pound)	12.000c	12.000c	11.897c
Common, East St. Louis (per pound)	11.800c	11.800c	11.705c
††London, prompt (per long ton)	£77.412	£77.523	£70.800
††Three months, London (per long ton)	£76.824	£76.572	£71.691
Zinc (per pound)—East St. Louis	13.000c	13.000c	11.000c
§§Zinc, prime Western, delivered (per pound)	13.500c	13.500c	11.500c
††Zinc, London, prompt (per long ton)	£92.097	£92.431	£77.353
††Zinc, London, three months (per long ton)	£91.452	£89.796	£75.875
Silver and Sterling Exchange—			
Silver, New York (per ounce)	91.375c	91.375c	91.375c
Silver, London (per ounce)	79.335d	79.053d	79.100d
Sterling Exchange (check)	$2.80950	$2.80950	$2.71454
Tin, New York Straits	99.518c	99.274c	103.060c
Gold (per ounce, U. S. price)	$35.000	$35.000	$35.000
Quicksilver (per flask of 76 pounds)	$212.000	$213.333	$245.000
¶Antimony, New York, boxed	32.590c	32.590c	32.590c
Antimony (per pound) bulk Laredo	29.000c	29.000c	29.000c
Antimony (per pound) boxed Laredo	29.500c	29.500c	29.500c
Platinum, refined (per ounce)	$82.000	$82.000	$77.000
Cadmium (per pound, delivered ton lots)	$1.40000	$1.40000	$1.20000
Cadmium (per pound, small lots)	$1.50000	$1.50000	$1.30000
Cobalt, 97% grade (per pound)	$1.50000	$1.50000	$1.75000
Aluminum, 99% grade ingot weighted average (per pound)	28.100c	28.100c	26.800c
Aluminum, 99% grade primary pig	23.250c	26.000c	24.700c
Magnesium ingot (per pound)	35.250c	35.250c	35.250c
**Nickel	74.000c	74.000c	74.000c
Bismuth (per pound)	$2.25	$2.25	$2.25

*Revised figure. †Estimated totals based on reports from companies accounting for 96% of primary, 95% of secondary tin consumption in 1957 and 97% of total stocks end of 1957. ¶Domestic five tons or more but less than carload lot boxed. §§Delivered where freight from East St. Louis exceeds 0.5c. **F.o.b. Fort Colburne, U. S. Duty included. ††Average of daily mean and bid and ask quotations per long ton at morning session of London Metal Exchange.

	Latest Month	Previous Month	Year Ago
MONEY IN CIRCULATION—TREASURY DEPT.			
As of Mar. 31 (000's omitted)	$31,600,000	$31,600,000	$31,300,000
PRICES RECEIVED BY FARMERS — INDEX NUMBER — U. S. DEPT. OF AGRICULTURE—1910-1914 = 100—As of April 15:			
All farm products	242	240	244
Crops	224	222	223
Commercial vegetables, fresh	251	251	261
Cotton	244	238	264
Feed, grains and hay	158	153	161
Food grains	209	210	205
Fruit	211	228	210
Oil-bearing crops	216	215	225
Potatoes	257	223	135
Tobacco	493	493	508
Livestock	257	256	261
Dairy products	246	254	240
Meat animals	310	307	336
Poultry and eggs	163	153	135
Wool	250	243	220

THE SECURITY I LIKE BEST...

Continued from page 2

Louisiana and Mississippi. The Company now markets its poultry feed under three brand names through 1,400 wholesalers throughout the northeastern and middle western United States.

In addition to poultry feed, Southern Industries uses oyster shells as a prime raw material in its building materials business. The Company entered the concrete, sand and gravel business through Radcliff Gravel. It is now providing ready-mix concrete, concrete masonry units, road building materials, including hot and cold mix asphalt, paving and related building products to the entire Gulf Coast construction industry. Oyster shells have a high lime content, and when used as a raw material, make a high-grade concrete.

Oyster shells are also used in cement manufacture. Southern Industries sells one million tons of oyster shells each year to Ideal Cement at their Mobile and Baton Rouge plants. The Company has a long-term contract on this outlet. Southern Industries dredges its own oyster shells from dead reef deposits in the Gulf of Mexico. Complex and expensive machinery is needed that requires a tremendous volume of business to justify their acquisition. For this reason, little competition is anticipated in spite of high profit ratios. In all, the Company dredges around 6,000,000 cubic yards of shells each year. State leases are held on a 20 year supply of oyster shells. Through supplying its own raw materials and utilizing its own by-products, Southern Industries has built a seemingly mundane operation into a highly remunerative, expanding industry.

Southern Industries is not only in the oyster shell business. The Company has bought a large New Orleans sugar refinery and is presently undertaking plans to rebuild the plant, using the most modern machinery, at a new and improved location. Engineering reports indicate that a modern refinery on tidewater would permit the Company to earn a handsome profit on its present volume of sales and an even greater profit if sales expand as expected.

In 1948, the Company bought the Battle House, a hotel in Mobile, Alabama, for a nominal capital outlay and sold it 10 years later for $1,000,000 in capital gains. In 1955, the Company acquired the Grand Hotel and Lakewood Golf Course. It is hoped that both these properties will be as profitable an investment as the Battle House.

McPhillips Packing, Southern Industries' seafood packing operation, has been sold and the Company has owned and sold an engineering construction company. Southern Industries is expected to enter into other industries as funds and attractive economic opportunities present themselves.

In an operation of this type, certainly the most important asset of a Company is its management team. Southern Industries' management is young and aggressive with proven ability, particularly experienced in marine transportation and the handling of bulk commodities. The officers and directors of the Company own some 40% of the outstanding stock, giving them a real stake in the success of their Company.

In 1946, the total assets of Southern Industries was under $2,000,000. At the end of their last year of operation, the Company's assets have grown to in excess of $20,000,000. In 1946, sales of $1,900,000 have grown to over $41,000,000 today. And, a share of Common Stock costing $100 has grown, through splits and dividends, to 84 shares worth, on the bid side of the market, $1,080. The Company has utilized a maximum leverage position in order to afford this rapid asset growth.

At the present time, the Company is showing net earnings of $1.20 a share after depreciating its equipment at the rate of $2.26 a share. This high rate of depreciation serves the purpose of providing ample, tax-free cash to make the renovations and acquisitions that have built the Company's $20,000,000 assets entirely out of earnings.

Southern Industries is advantageously situated in a fast-growing area of the United States, with imaginative management and an ambitious program. An investment in Southern Industries is a widely diversified investment in the growing industrialization of the Gulf Coast area. For two to five year money that is satisfied to stay with a sound Company and good management until an aggressive expansion program pays off, Southern Industries is **the security I like best.** The stock is traded in the Over-the-Counter Market.

Englehard Com. Stock Offered

An underwriting group managed by Dillon, Read & Co. Inc. and Lazard Freres & Co. offered on June 3, 400,000 shares of common stock of Engelhard Industries, Inc., of Newark, N. J. at $23 a share. Engelhard Industries is one of the largest manufacturers in the world of products made of or containing precious metals. Its products are used widely in industry.

The offering represents the first public financing by the company, which dates back to a business founded in 1875 and has been privately owned during that period. Upon issuance of the shares offered today, 80.05% of the 2,005,490 common shares to be outstanding will be owned by Engelhard Hanovia, Inc., a company controlled by the Engelhard family.

Net proceeds from the financing will be used to reduce outstanding term notes and short-term bank indebtedness and to increase working capital.

Engelhard Industries manufactures, in the United States and abroad, many and diverse products made of or containing platinum, palladium, gold, silver and other precious metals, and also refines and sells precious metals. Such products, widely used in industry include specialized mill and fabricated products, electrical components, catalysts and chemicals, plating compounds and solutions, and also silica and quartz products.

Principal plants are located in Newark, East Newark, Union and Hillside, N. J.; Attleboro and Plainville, Mass.; Toronto, Canada; London, England; Rome, Italy; Zurich, Switzerland; Melbourne, Australia, and Bogota, Colombia.

L. C. Cornfield Opens

BALDWIN, N. Y. — Lawrence C. Cornfield is engaging in a securities business from offices at 945 Woodoak Drive.

Form Partnership

Max Posner and Edith G. Schrank have been admitted to partnership with Joseph Schrank in Joseph Schrank & Co., 67 West 44th Street, New York City.

John M. Flynn Branch

COVINA, Calif.—John M. Flynn and Company has opened a branch office at 140 North Citrus under the direction of Sam Dermengian.

New Putnam Branch

MANCHESTER, Conn.—Putnam & Co. has opened a branch office at 71 East Center Street under the direction of James T. Blair.

COMING EVENTS

IN INVESTMENT FIELD

June 9, 1960 (Des Moines, Iowa) Iowa Investment Bankers Silver Anniversary field day at the Wakonda Club.

June 10, 1960 (New York City) Municipal Bond Club of New York annual field day at the Westchester Country Club, Rye, N. Y.

June 10, 1960 (Philadelphia, Pa.) Investment Traders Association of Philadelphia summer outing at Overbrook Country Club, Radnor Township, Pa.

June 10, 1960 (Pittsburgh, Pa.) Pittsburgh Securities Traders Association spring outing at Shannopin Country Club.

June 17, 1960 (Buffalo, N. Y.) Bond Club of Buffalo summer outing at the Cherry Hill Country Club, Ridgeway, Ontario.

June 24, 1960 (Philadelphia, Pa.) Investment Association of Philadelphia annual outing at the Whitford Country Club, Whitford, Pa.

Aug. 12, 1960 (Detroit, Mich.) Basis Club annual summer outing at the St. Clair Inn and Country Club, St. Clair, Mich.

Sept. 12-13, 1960 Association of Stock Exchange Firms meeting of the Board of Governors at the Statler-Hilton Hotel, Hartford, Conn.

June 15-16, 1960 (Minneapolis, Minn.) Twin City Bond Club 39th annual picnic and outing at White Bear Yacht Club (preceded by a cocktail party June 15th at the Nicollet Hotel).

June 16, 1960 (Minneapolis-St. Paul) Twin City Bond Club 39th annual golf tournament and picnic at the White Bear Yacht Club.

June 16-19, 1960 (Murray Bay, Que., Canada) Investment Dealers' Association of Canada annual meeting.

June 17, 1960 (New York City) Investment Association of New York Annual Outing at Sleepy Hollow Country Club, Scarborough, N. Y.

June 17, 1960 (Pittsburgh, Pa.) Bond Club of Pittsburgh annual spring outing at the Longue Vue Club.

June 20, 1960 (Louisville, Ky.) Bond Club of Louisville outing at Standard Country Club.

June 21, 1960 (Detroit & Michigan) Security Traders Association of Detroit and Michigan Summer outing at Western Golf & Country Club.

June 25, 1960 (Chicago, Ill.) Security Traders Association of Chicago outing at Nordic Hills Country Club.

June 25-28, 1960 (Santa Barbara, Calif.) California Group of Investment Bankers Association meeting.

July 10-Aug. 5, 1960 (Evanston, Ill.) Fundamentals of Investment Banking—4 week resident summer course at Northwestern University sponsored by Investment Bankers Association.

Sept. 9-11, 1960 (Portland, Oreg.) Pacific Northwest Group of Investment Bankers Association annual meeting at the Sheraton-Portland.

Sept. 11-14, 1960 (Sun Valley, Idaho) National Security Traders Association Annual Convention.

Sept. 12-13, 1960 (New York City) Association of Stock Exchange Firms meeting of Board of Governors at Fisher's Island Club, Fisher's Island, N. Y.

Sept. 12-13, 1960 (Denver, Colo.) Rocky Mountain Group of Investment Bankers Association meeting.

Sept. 15-16, 1960 (Cincinnati, Ohio) Municipal Bond Dealers Group of Cincinnati annual outing — cocktails and dinner Sept. 15 at Queen City Club; field day Sept. 16 at Kenwood Country Club.

DIVIDEND NOTICES

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., May 26, 1960.

The Board of Directors has this day declared a dividend of Twenty-five Cents (25c) per share, being Dividend No. 123, on the Preferred Capital Stock of this Company, payable August 1, 1960, out of undivided net profits for the year ending June 30, 1960, to holders of said Preferred Capital Stock registered on the books of the Company at the close of business June 30, 1960.

R. M. SWEARINGEN,
Assistant Treasurer
120 Broadway, New York 5, N. Y.

CONSOLIDATED NATURAL GAS COMPANY
30 Rockefeller Plaza
New York 20, N. Y.

DIVIDEND No. 50

THE BOARD OF DIRECTORS has this day declared a regular quarterly dividend of Fifty-Five Cents (55¢) per share on the capital stock of the Company, payable August 15, 1960 to stockholders of record at the close of business July 15, 1960.

JOHN MILLER, Secretary

June 8, 1960

REGULAR QUARTERLY DIVIDEND

The Board of Directors has declared this day
COMMON STOCK DIVIDEND NO. 104;
This is a regular quarterly dividend of

25¢
PER SHARE

Payable on Aug. 15, 1960 to holders of record at close of business, July 20, 1960

MILTON C. BALDRIDGE
SECRETARY
June 2, 1960

THE COLUMBIA GAS SYSTEM, INC.

DIVIDEND NOTICES

CANADA DRY

Canada Dry Corporation

DIVIDEND NOTICE

The following dividends have been declared by the Board of Directors:
Preferred Stock—A regular quarterly dividend of $1.0625 per share on the $4.25 Cumulative Preferred Stock, payable July 1, 1960 to stockholders of record at the close of business on June 15, 1960.
Common Stock—A quarterly dividend of $0.25 per share on the Common Stock, of the value of $1.66⅔ per share payable July 1, 1960, to stockholders of record at the close of business on June 15, 1960.
Transfer books will not be closed. Checks will be mailed.
J. W. REILLY, *Vice Pres. & Secy.*

DIVIDEND NOTICES

CERRO DE PASCO CORPORATION

Cash Dividend No. 160

The Board of Directors of Cerro de Pasco Corporation at a meeting held on June 7, 1960, declared a cash dividend of twenty-five cents (25¢) per share on the Common Stock of the Corporation, payable on June 30, 1960, to stockholders of record on June 17, 1960.

MICHAEL D. DAVID
Secretary

300 Park Avenue
New York 22, N. Y.

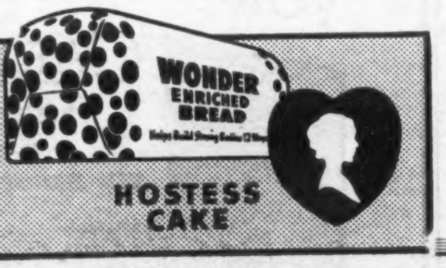
CONTINENTAL BAKING COMPANY

Preferred Dividend No. 86

The Board of Directors has declared this day a quarterly dividend of $1.37½ per share on the outstanding $5.50 dividend Preferred Stock, payable July 1, 1960, to stockholders of record at the close of business June 16, 1960.

Common Dividend No. 61

The Board of Directors has declared this day a regular quarterly dividend, for the second quarter of the year 1960, of 55¢ per share on the outstanding Common Stock, payable July 1, 1960, to holders of record of such stock at the close of business June 16, 1960.



The stock transfer books will not be closed.

WILLIAM FISHER
TREASURER

June 6, 1960

INTERNATIONAL SHOE COMPANY
St. Louis

197TH CONSECUTIVE DIVIDEND

Common Stock

A quarterly dividend of 45¢ per share payable on July 1, 1960 to stockholders of record at the close of business June 13, 1960, was declared by the Board of Directors.

ROBERT O. MONNIG
Vice-President and Treasurer

June 1, 1960

WASHINGTON AND YOU

BEHIND-THE-SCENES INTERPRETATIONS FROM THE NATION'S CAPITAL

WASHINGTON, D. C. — Facing the United States Capitol across a plaza is the white marbled Supreme Court building. It is regarded as the most august building in Washington. Every day in the year tourists look up at the entrance and read: "Equal Justice Under Law."

The other day after a long, dreary holiday weekend, the chief justice and the eight associate justices donned their black robes, filed into the chamber and heard the court crier admonish one and all:

"Oyez! Oyez! Oyez! All persons having business before the Honorable, the Supreme Court of the United States are admonished to draw near and give their attention, for the court is now sitting. God save the United States and this Honorable Court."

Normally the Nation's highest court convenes at noon on Mondays to hand down decisions. But on this particular day, it was Tuesday, because of the holiday weekend.

The Chief Justice of the United States, Earl Warren, and four of the associate justices, John Marshall Harlan of New York; William J. Brennan, Jr., from New Jersey; Charles E. Whittaker of Missouri, and Potter Stewart of Ohio (constituting a majority), were nominated by President Eisenhower.

Associate Justice Tom C. Clark of Texas was nominated by President Truman. Associate Justices Hugh L. Black of Alabama; Felix Frankfurter of Massachusetts, and William O. Douglas of Connecticut were nominated by President Franklin D. Roosevelt.

The "Tidelands" Decision

The court has rendered some historic and profound decisions that affect all the people. Traditionally, the court renders some extremely controversial decisions.

The other day the jurists rendered a judicial "lulu" that many lawyers and few laymen probably can fully comprehend. It was the so-called "Tidelands Case." Perhaps it was the biggest case as far as a monetary standpoint is concerned in all the history of the tribunal which has had 14 chief justices and 92 associate justices.

It involves billions of dollars of oil and natural gas reserves in the submerged lands off the shores of the states bordering on the Gulf of Mexico, namely, Florida, Alabama, Mississippi, Louisiana and Texas.

Thus far Louisiana is affected far more than all her sister Gulf States combined. Although offshore development is not advanced very far, there is more than $300,000,000 tied up in escrow from leasing and production in the disputed areas off Louisiana alone. The Interior Department, through the Bureau of Land Management, is handling the operations for the Federal Government.

Eventually, billions and billions of dollars in crude oil and natural gas will be taken from the submerged lands. There is not much doubt about that in the opinion of the experts. However, the oil and gas market are slightly depressed at this time, and offshore exploration and drilling are costly.

Six Separate Decisions

What about the unique decision of the Supreme Court? The divided tribunal handed down six separate opinions. It held that Louisiana, Alabama and Mississippi are not entitled to any oil, gas or other minerals beyond three geographical miles from their shores.

On the other hand, the court held that Texas and Florida own all the mineral resources 10½ statute miles from their shores. Thus everything beyond three miles off the shores of Louisiana, Alabama and Mississippi, belong to the Federal Government, and everything beyond 10½ miles off Florida and Texas belong to the powerful central government.

By virtue of the far-reaching ruling, it apparently means that Russian submarines can approach up to three miles off Alabama, Mississippi and Louisiana, but when they approach Texas and Florida, they must not get any closer than 10½ miles.

Some long-time neutral observers, and these include lawyers, assert that the controlling opinion just does not make legal sense. The Department of Justice, which had argued the case for several years on behalf of the Federal Government, sought to restrict the boundaries of all five states to three miles.

BUSINESS BUZZ

"Yes, I would like to grow up to be President—of one of the Stock Exchanges!"

Justice Douglas in a dissenting opinion said he would agree that neither Louisiana. Alabama nor Mississippi had proved that they were entitled to three marine leagues (10½ miles) as they had argued for years. Nevertheless, he said that if the standards and requirements are as lax as those used to grant Texas and Florida three leagues from shore, they should be sufficient for the other sister Gulf States.

Justice Black said "Had Congress wanted to give the land to Texas and refuse to give it to the other states, they easily could have done so," in the Submerged Lands Act of 1953.

Neither Texas nor Florida has much offshore exploration or development. So far, geologists say the offshore Texas area has been quite discouraging.

Unanswered Questions

The court's ruling is not of deep concern to the various oil companies, because they can deal with either the states or the Federal Government. One of major questions unanswered—and there are a number of them — is where does the Federal Government start measuring the three miles off Louisiana, Mississippi and Alabama. The first two particularly, have a series of islands off the mainland.

Texas claimed she came into the Union with submerged lands extending three marine leagues into the Gulf. Other states made similar claims, but Associate Justice Harlan, who wrote the 81-page controlling decision, said Louisiana, Mississippi and Alabama failed to prove their three-league contentions.

The dispute between the States and the Federal Government started back in the New Deal days. Actually, it was President Roosevelt's staunch New Dealer, Harold Ickes, then Secretary of Interior, who reversed his opinion about State ownership and launched a campaign to wrest title away from the States in favor of the Federal Government.

The Federal Government today owns about 24% of all the land in the United States.

Although the oil and gas reserves off Louisiana are absolutely tremendous, nevertheless some 14 years after the "play" began in earnest, the industry is in the red. Actually the industry has a deficit of about $2,000,000,000 in offshore or submerged land development. Why? Because of the huge amounts that the companies have invested, plus the fact it cost a lot more to produce oil and gas from beneath the waters than it does on dry land.

Heavy Industry Losses

Ira H. Cram, senior vice president of Continental Oil Company, testified before the Federal Power Commission this year, that records showed at the end of 1959 the industry had leased 3,357,117 submerged acres at a lease bonus of $477,155,080 at an average of $142.13 an acre, and had drilled 2,843 wells on these leases. Revenues from oil or gas or other minerals produced from leased acres go to the producing companies with the owner of the minerals be it State, Federal Government or individuals getting a part of the yield.

As of December 31 the industry had received revenues from the submerged lands, nearly all off Louisiana, totaling $725,000,000. But to bring in that revenue, the industry had to spend in direct investment alone, excluding all administrative and operating expense, a whopping $2,594,000,000.

Therefore, the industry had rolled up a deficit of $1,869,000,000. Mr. Cram added: "This makes us uneasy, and remember a lot of that money has been planted out there a long, long time.

There are numerous reasons why the marine operations are far more expensive than land operations. For instance, mobile drilling barges cost from $2,500,000 to $6,500,000 each, and fire hazard and weather hazards are far greater.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]